PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 467 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

THIRD SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-SIXTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2007–2008

COMPRISING PERIOD
6 November 2007—22 November 2007

£105
(Two parts not sold separately)

Chronology of
The Parliamentary Debates

The Parliamentary History contains all that can be collected of the Legislative History of this country from the Conquest to the close of the XVIIIth Century (1803), 36 vols. The chief sources whence these Debates are derived are the Constitutional History, 24 vols.; Sir Simonds D'Ewes' Journal; Debates of the Commons in 1620 and 1621; Chandler and Timberland's Debates, 22 vols.; Grey's Debates of the Commons, from 1667 to 1694, 10 vols.; Almons Debates, 24 vols.; Debrett's Debates, 63 vols.; The Hardwicke Papers; Debates in Parliament by Dr. Johnson, &c. &c.

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House of Commons

Alphabetical List of Members

[Returned at the General Election, 5 May 2005]

A

Abbott, Diana Julie (Hackney, North and Stoke Newington)
Adams, Gerry (Belfast, West)
Afriyie, Adam (Windsor)
Ainger, Nicholas Richard (Carmarthen, West and South Pembrokeshire)
Ainsworth, Peter Michael (East Surrey)
Ainsworth, Rt. Hon. Robert William (Coventry, North-East)
Alexander, Daniel Grian (Inverness, Nairn, Badenoch and Strathspey)
Alexander, Douglas Garven (Paisley and Renfrewshire, South)
Allen, Graham William (Nottingham, North)
Amess, David Anthony Andrew (Southend, West)
Ancram, Rt. Hon. Michael Andrew (Devizes)
Anderson, David (Blaydon)
Anderson, Janet (Rossendale and Darwen)
Arbuthnot, Rt. Hon. James Norwich (North-East Hampshire)
Armstrong, Rt. Hon. Hilary Jane (North-West Durham)
Atkins, Charlotte Jean (Staffordshire, Moorlands)
Atkinson, Peter Landreth (Hexham)
Austin, Ian Christopher (Dudley, North)
Austin, John Eric (Erith and Thamesmead)

B

Bacon, Richard Michael (South Norfolk)
Bailey, Adrian Edward (West Bromwich, West)
Baird, Vera (Redcar)
Baker, Norman John (Lewes)
Baldry, Antony Brian (Banbury)
Balls, Edward Michael (Normanton)
Banks, Gordon Raymond (Ochil and South Perthshire)
Barker, Gregory Leonard George (Bexhill and Battle)
Barlow, Celia Anne (Hove)
Baron, John Charles (Billericay)
Barrett, John Andrew (Edinburgh, West)
Barron, Rt. Hon. Kevin John (Rother Valley)
Battle, Rt. Hon. John Dominic (Leeds, West)
Bayley, Hugh (City of York)
Beckett, Rt. Hon. Margaret Mary (Derby, South)
Begg, Anne (Aberdeen, South)
Beith, Rt. Hon. Alan James (Berwick-upon-Tweed)
Bell, Sir Stuart (Middlesbrough)
Bellingham, Henry Campbell (North-West Norfolk)
Benn, Rt. Hon. Hilary James (Leeds, Central)
Benton, Joseph Edward (Bootle)
Benyon, Richard Henry Ronald (Newbury)
Bercow, John Simon (Buckingham)
Beresford, Sir Alexander Paul (Mole Valley)
Berry, Roger Leslie (Kingswood)
Betts, Clive James Charles (Sheffield, Attercliffe)
Binley, Brian Arthur Roland (Northampton, South)
Blackman, Elizabeth Marion (Erewash)
Blackman-Woods, Roberta Carol (City of Durham)
Blair, Rt. Hon. Anthony Charles Lynton (Sedgefield) *[Resigned, June 2007]*
Blears, Hazel Anne (Salford)
Blizzard, Robert John (Waveney)
Blunkett, Rt. Hon. David (Sheffield, Brightside)
Blunt, Crispin Jeremy Rupert (Reigate)
Bone, Peter William (Wellingborough)
Borrow, David Stanley (South Ribble)
Boswell, Timothy Eric (Daventry)
Bottomley, Peter James (Worthing, West)
Bradshaw, Benjamin Peter James (Exeter)
Brady, Graham Stuart (Altrincham and Sale, West)
Brake, Thomas Anthony (Carshalton and Wallington)
Brazier, Julian William Hendy (Canterbury)
Breed, Colin Edward (South-East Cornwall)
Brennan, Kevin Denis (Cardiff, West)
Brokenshire, James Peter (Hornchurch)
Brooke, Annette Lesley (Mid-Dorset and North Poole)
Brown, Lyn Carol (West Ham)
Brown, Rt. Hon. James Gordon (Kirkcaldy and Cowdenbeath)
Brown, Rt. Hon. Nicholas Hugh (Newcastle upon Tyne, East and Wallsend)
Brown, Russell Leslie (Dumfries and Galloway)
Browne, Desmond Henry (Kilmarnock and Loudon)
Browne, Jeremy Richard (Taunton)
Browning, Angela Frances (Tiverton and Honiton)
Bruce, Malcolm Gray (Gordon)
Bryant, Christopher John (Rhondda)
Buck, Karen Patricia (Regent's Park and Kensington, North)
Burden, Richard Haines (Birmingham, Northfield)
Burgon, Colin (Elmet)
Burnham, Andrew Murray (Leigh)
Burns, Simon Hugh McGuigan (West Chelmsford)
Burrowes, David John Barrington (Enfield, Southgate)
Burstow, Paul Kenneth (Sutton and Cheam)
Burt, Alistair James Hendrie (North-East Bedfordshire)
Burt, Lorely Jane (Solihull)
Butler, Dawn Petula (Brent, South)
Butterfill, Sir John Valentine (Bournemouth, West)
Byers, Rt. Hon. Stephen John (North Tyneside)
Byrne, Liam Dominic (Birmingham, Hodge Hill)

C

Cable, John Vincent (Twickenham)
Caborn, Rt. Hon. Richard George (Sheffield, Central)
Cairns, John David (Inverclyde)
Calton, Patsy (Cheadle) *[Died, May 2005]*
Cameron, David William Donald (Witney)
Campbell, Alan (Tynemouth)
Campbell, Gregory Lloyd (East Londonderry)
Campbell, Ronald (Blyth Valley)
Campbell, Rt. Hon. Sir Walter Menzies (North-East Fife)
Carmichael, Alexander Morrison (Orkney and Shetland)
Carswell, John Douglas Wilson (Harwich)
Cash, William Nigel Paul (Stone)
Caton, Martin Phillip (Gower)
Cawsey, Ian Arthur (Brigg and Goole)
Challen, Colin Robert (Morley and Rothwell)
Chapman, James Keith (Wirral, South)

Chaytor, David Michael (Bury, North)
Chope, Christopher Robert (Christchurch)
Clapham, Michael (Barnsley, West and Penistone)
Clappison, William James (Hertsmere)
Clark, Gregory David (Tunbridge Wells)
Clark, Katy (North Ayrshire and Arran)
Clark, Paul Gordon (Gillingham)
Clarke, Rt. Hon. Charles Rodway (Norwich, South)
Clarke, Rt. Hon. Kenneth Harry (Rushcliffe)
Clarke, Rt. Hon. Thomas (Coatbridge, Chryston and Bellshill)
Clegg, Nicholas William Peter (Sheffield, Hallam)
Clelland, David Gordon (Tyne Bridge)
Clifton-Brown, Geoffrey (Cotswold)
Clwyd, Rt. Hon. Ann (Cynon Valley)
Coaker, Vernon Rodney (Gedling)
Coffey, Ann (Stockport)
Cohen, Harry Michael (Leyton and Wanstead)
Connarty, Michael (Linlithgow and East Falkirk)
Conway, Derek Leslie (Old Bexley and Sidcup)
Cook, Francis (Stockton, North)
Cook, Rt. Hon. Robin (Livingston) [*Died, August 2005*]
Cooper, Rosemary Elizabeth (West Lancashire)
Cooper, Yvette (Pontefract and Castleford)
Corbyn, Jeremy Bernard (Islington, North)
Cormack, Sir Patrick Thomas (South Staffordshire) [*Delayed return, June 2005*]
Cousins, James MacKay (Newcastle upon Tyne, Central)
Cox, Charles Geoffrey (Torridge and West Devon)
Crabb, Stephen (Preseli Pembrokeshire)
Crausby, David Anthony (Bolton, North-East)
Creagh, Mary Helen (Wakefield)
Cruddas, Jonathon (Dagenham)
Cryer, Constance Ann (Keighley)
Cummings, John Scott (Easington)
Cunningham, James Dolan (Coventry, South)
Cunningham, Thomas Anthony (Workington)
Curry, Rt. Hon. David Maurice (Skipton and Ripon)
Curtis-Thomas, Claire (Crosby)

D

Darling, Rt. Hon. Alistair Maclean (Edinburgh, South-West)
Davey, Edward Jonathon (Kingston and Surbiton)
David, Wayne (Caerphilly)
Davidson, Ian Graham (Glasgow, South-West)
Davies, David Clifford (Blaenau Gwent) [*By-election, July 2006*]
Davies, David Thomas Charles (Monmouth)
Davies, John Quentin (Grantham and Stamford)
Davies, Philip Andrew (Shipley)
Davis, Rt. Hon. David Michael (Haltemprice and Howden)
Dean, Janet Elizabeth Ann (Burton)
Denham, Rt. Hon. John Yorke (Southampton, Itchen)
Devine, James (Livingston) [*By-election, October 2005*]
Dhanda, Parmjit Singh (Gloucester)
Dismore, Andrew Hartley (Hendon)
Djanogly, Jonathan Simon (Huntingdon)
Dobbin, James (Heywood and Middleton)
Dobson, Rt. Hon. Frank Gordon (Holborn and St. Pancras)
Dodds, Nigel Alexander (Belfast, North)
Doherty, Pat (West Tyrone)
Donaldson, Jeffrey Mark (Lagan Valley)
Donohoe, Brian Harold (Central Ayrshire)
Doran, Frank (Aberdeen, North)
Dorrell, Rt. Hon. Stephen James (Charnwood)
Dorries, Nadine Vanessa (Mid-Bedfordshire)
Dowd, James Patrick (Lewisham, West)
Drew, David Elliott (Stroud)
Duddridge, James Philip (Rochford and Southend, East)
Duncan, Alan James Carter (Rutland and Melton)
Duncan Smith, Rt. Hon. George Iain (Chingford and Woodford Green)
Dunne, Philip Martin (Ludlow)
Dunwoody, Gwyneth Patricia (Crewe and Nantwich)
Durkan, John Mark (Foyle)

E

Eagle, Angela (Wallasey)
Eagle, Maria (Liverpool, Garston)
Efford, Clive Stanley (Eltham)
Ellman, Louise Joyce (Liverpool, Riverside)
Ellwood, Tobias Martin (Bournemouth, East)
Engel, Natascha (North-East Derbyshire)
Ennis, Jeffrey (Barnsley, East and Mexborough)
Etherington, William (Sunderland, North)
Evans, Nigel Martin (Ribble Valley)
Evennett, David Anthony (Bexleyheath and Crayford)

F

Fabricant, Michael Louis David (Lichfield)
Fallon, Michael Cathel (Sevenoaks)
Farrelly, Christopher Paul (Newcastle-under-Lyme)
Farron, Timothy James (Westmorland and Lonsdale)
Featherstone, Lynne Choona (Hornsey and Wood Green)
Field, Rt. Hon. Frank (Birkenhead)
Field, Mark Christopher (Cities of London and Westminster)
Fisher, Mark (Stoke-on-Trent, Central)
Fitzpatrick, James (Poplar and Canning Town)
Flello, Robert Charles Douglas (Stoke-on-Trent, South)
Flint, Caroline Louise (Don Valley)
Flynn, Paul Phillip (Newport West)
Follett, Daphne Barbara (Stevenage)
Forth, Rt. Hon. Eric (Bromley and Chislehurst) [*Died, May 2006*]
Foster, Donald Michael Ellison (Bath)
Foster, Michael Jabez (Hastings and Rye)
Foster, Michael John (Worcester)
Fox, Liam (Woodspring)
Francis, David Hywel (Aberavon)
Francois, Mark Gino (Rayleigh)
Fraser, Christopher James (South-West Norfolk)

G

Gale, Roger James (North Thanet)
Galloway, George (Bethnal Green and Bow)
Gapes, Michael John (Ilford, South)
Gardiner, Barry Strachan (Brent, North)
Garnier, Edward Henry (Harborough)
Gauke, David Michael (South-West Hertfordshire)
George, Andrew Henry (St. Ives)
George, Rt. Hon. Bruce Thomas (Walsall, South)
Gerrard, Neil Francis (Walthamstow)
Gibb, Nicolas John (Bognor Regis and Littlehampton)
Gibson, Ian (Norwich, North)
Gidley, Sandra Julia (Romsey)
Gildernew, Michelle (Fermanagh and South Tyrone)
Gillan, Cheryl Elise Kendall (Chesham and Amersham)
Gilroy, Linda (Plymouth, Sutton)

Godsiff, Roger Duncan (Birmingham, Sparkbrook and Small Heath)
Goggins, Paul Gerard (Wythenshawe and Sale, East)
Goldsworthy, Julia Anne (Falmouth and Camborne)
Goodman, Helen Catherine (Bishop Auckland)
Goodman, Paul Alexander Cyril (Wycombe)
Goodwill, Robert (Scarborough and Whitby)
Gove, Michael Andrew (Surrey Heath)
Gray, James Whiteside (North Wiltshire)
Grayling, Christopher Stephen (Epsom and Ewell)
Green, Damian Howard (Ashford)
Greening, Justine (Putney)
Greenway, John Robert (Ryedale)
Grieve, Dominic Charles Roberts (Beaconsfield)
Griffith, Nia Rhiannon (Llanelli)
Griffiths, Nigel (Edinburgh, South)
Grogan, John Timothy (Selby)
Gummer, Rt. Hon. John Selwyn (Suffolk Coastal)
Gwynne, Andrew John (Denton and Reddish)

H

Hague, Rt. Hon. William Jefferson (Richmond, Yorks)
Hain, Rt. Hon. Peter Gerald (Neath)
Hall, Michael Thomas (Weaver Vale)
Hall, Patrick (Bedford)
Hamilton, David (Midlothian)
Hamilton, Fabian (Leeds, North-East)
Hammond, Philip (Runnymede and Weybridge)
Hammond, Stephen William (Wimbledon)
Hancock, Michael Thomas (Portsmouth, South)
Hands, Gregory William (Hammersmith and Fulham)
Hanson, David George (Delyn)
Harman, Rt. Hon. Harriet (Camberwell and Peckham)
Harper, Mark James (Forest of Dean)
Harris, Evan Leslie (Oxford, West and Abingdon)
Harris, Tom (Glasgow, South)
Harvey, Nicholas Barton (North Devon)
Haselhurst, Rt. Hon. Sir Alan Gordon Barraclough (Saffron Walden)
Havard, David Stewart (Merthyr Tydfil and Rhymney)
Hayes, John Henry (South Holland and The Deepings)
Heal, Sylvia Lloyd (Halesowen and Rowley Regis)
Heald, Oliver (North-East Hertfordshire)
Healey, John (Wentworth)
Heath, David William St. John (Somerton and Frome)
Heathcoat-Amory, Rt. Hon. David Philip (Wells)
Hemming, John Alexander Melvin (Birmingham, Yardley)
Henderson, Douglas John (Newcastle upon Tyne, North)
Hendrick, Mark Phillip (Preston)
Hendry, Charles (Wealden)
Hepburn, Stephen (Jarrow)
Heppell, John (Nottingham, East)
Herbert, Nicholas Le Quesne (Arundel and South Downs)
Hermon, Lady Sylvia Eileen (North Down)
Hesford, Stephen (Wirral, West)
Hewitt, Rt. Hon. Patricia Hope (Leicester, West)
Heyes, David Alan (Ashton-under-Lyne)
Hill, Rt. Hon. Keith (Streatham)
Hillier, Meg (Hackney, South and Shoreditch)
Hoban, Mark Gerard (Fareham)
Hodge, Rt. Hon. Margaret Eve (Barking)
Hodgson, Sharon (Gateshead, East and Washington, West)
Hoey, Catharine Letitia (Vauxhall)
Hogg, Rt. Hon. Douglas Martin (Sleaford and North Hykeham)
Hollobone, Philip Thomas (Kettering)
Holloway, Adam James Harold (Gravesham)
Holmes, Paul Robert (Chesterfield)
Hood, James (Lanark and Hamilton, East)
Hoon, Rt. Hon. Geoffrey William (Ashfield)
Hope, Philip Ian (Corby)
Hopkins, Kelvin Peter (Luton, North)
Horam, John Rhodes (Orpington)
Horwood, Martin Charles (Cheltenham)
Hosie, Stewart (Dundee, East)
Howard, Rt. Hon. Michael (Folkestone and Hythe)
Howarth, David Ross (Cambridge)
Howarth, George Edward (Knowsley, North and Sefton, East)
Howarth, James Gerald Douglas (Aldershot)
Howells, Kim Scott (Pontypridd)
Hoyle, Lindsay Harvey (Chorley)
Hughes, Rt. Hon. Beverley June (Stretford and Urmston)
Hughes, Simon Henry Ward (North Southwark and Bermondsey)
Huhne, Christopher Murray Paul (Eastleigh)
Humble, Jovanka Joan (Blackpool, North and Fleetwood)
Hunt, Jeremy (South-West Surrey)
Hunter, Mark James (Cheadle) [*By-election, July 2005*]
Hurd, Nicholas Richard (Ruislip-Northwood)
Hutton, Rt. Hon. John Matthew Patrick (Barrow and Furness)

I

Iddon, Brian (Bolton, South-East)
Illsley, Eric Evlyn (Barnsley, Central)
Ingram, Rt. Hon. Adam (East Kilbride, Strathaven and Lesmahagow)
Irranca-Davies, Ifor Huw (Ogmore)

J

Jack, Rt. Hon. John Michael (Fylde)
Jackson, Glenda May (Hampstead and Highgate)
Jackson, Stewart James (Peterborough)
James, Siân Catherine (Swansea, East)
Jenkin, Bernard Christison (North Essex)
Jenkins, Brian David (Tamworth)
Johnson, Rt. Hon. Alan Arthur (Kingston upon Hull, West and Hessle)
Johnson, Alexander Boris (Henley)
Johnson, Diana Ruth (Kingston upon Hull, North)
Jones, David Ian (Clwyd, West)
Jones, Helen Mary (Warrington, North)
Jones, Kevan David (North Durham)
Jones, Lynne Mary (Birmingham, Selly Oak)
Jones, Martyn David (Clwyd, South)
Jowell, Rt. Hon. Tessa Jane (Dulwich and West Norwood)
Joyce, Eric (Falkirk)

K

Kaufman, Rt. Hon. Sir Gerald Bernard (Manchester, Gorton)
Kawczynski, Daniel Robert (Shrewsbury and Atcham)
Keeble, Sally Curtis (Northampton, North)
Keeley, Barbara Mary (Worsley)
Keen, Alan (Feltham and Heston)
Keen, Ann Lloyd (Brentford and Isleworth)
Keetch, Paul Stuart (Hereford)

Kelly, Rt. Hon. Ruth Maria (Bolton, West)
Kemp, Fraser (Houghton and Washington, East)
Kennedy, Rt. Hon. Charles Peter (Ross, Skye and Lochaber)
Kennedy, Rt. Hon. Jane Elizabeth (Liverpool, Wavertree)
Key, Simon Robert (Salisbury)
Khabra, Piara Singh (Ealing, Southall) [*Died, June 2007*]
Khan, Sadiq Aman (Tooting)
Kidney, David Neil (Stafford)
Kilfoyle, Peter (Liverpool, Walton)
Kirkbride, Julie (Bromsgrove)
Knight, Rt. Hon. Gregory (East Yorkshire)
Knight, Jim (South Dorset)
Kramer, Susan Veronica (Richmond Park)
Kumar, Ashok (Middlesbrough, South and East Cleveland)

L

Ladyman, Stephen John (South Thanet)
Laing, Eleanor Fulton (Epping Forest)
Lait, Jacqueline Anne Harkness (Beckenham)
Lamb, Norman Peter (North Norfolk)
Lammy, David Lindon (Tottenham)
Lancaster, John Mark (North-East Milton Keynes)
Lansley, Andrew David (South Cambridgeshire)
Law, Peter John (Blaenau Gwent) [*Died, April 2006*]
Laws, David Anthony (Yeovil)
Laxton, Robert (Derby, North)
Lazarowicz, Marek Jerzy (Edinburgh, North and Leith)
Leech, John (Manchester, Withington)
Leigh, Edward Julian Egerton (Gainsborough)
Lepper, David (Brighton, Pavilion)
Letwin, Rt. Hon. Oliver (West Dorset)
Levitt, Tom (High Peak)
Lewis, Ivan (Bury, South)
Lewis, Julian Murray (New Forest, East)
Liddell-Grainger, Ian Richard (Bridgwater)
Lidington, David Roy (Aylesbury)
Lilley, Rt. Hon. Peter Bruce (Hitchin and Harpenden)
Linton, Martin (Battersea)
Lloyd, Anthony Joseph (Manchester, Central)
Llwyd, Elfyn (Meirionnydd Nant Conwy)
Lord, Sir Michael Nicholson (Central Suffolk and North Ipswich)
Loughton, Timothy Paul (East Worthing and Shoreham)
Love, Andrew Mcculloch (Edmonton)
Lucas, Ian Colin (Wrexham)
Luff, Peter James (Mid-Worcestershire)

M

McAvoy, Rt. Hon. Thomas McLaughlin (Rutherglen and Hamilton, West)
McCabe, Stephen James (Birmingham, Hall Green)
McCafferty, Christine (Calder Valley)
McCarthy, Kerry (Bristol, East)
McCarthy-Fry, Sarah Louise (Portsmouth, North)
McCartney, Rt. Hon. Ian (Makerfield)
McCrea, The Reverend Robert Thomas William (South Antrim)
McDonagh, Siobhain Ann (Mitcham and Morden)
McDonnell, Alasdair (Belfast, South)
McDonnell, John Martin (Hayes and Harlington)
MacDougall, John William (Glenrothes)
McFadden, Patrick Bosco (Wolverhampton, South-East)
McFall, Rt. Hon. John (West Dunbartonshire)
McGovern, James (Dundee, West)
McGrady, Eddie (South Down)
McGuinness, Martin (Mid-Ulster)
McGuire, Anne (Stirling)
McIntosh, Anne Caroline Ballingall (Vale of York)
McIsaac, Shona (Cleethorpes)
Mackay, Rt. Hon. Andrew James (Bracknell)
McKechin, Ann (Glasgow, North)
McKenna, Rosemary (Cumbernauld, Kilsyth and Kirkintilloch, East)
Mackinlay, Andrew (Thurrock)
Maclean, Rt. Hon. David John (Penrith and The Border)
McLoughlin, Patrick Allen (West Derbyshire)
MacNeil, Angus Brendan (Na h-Eileanan an Iar)
McNulty, Anthony James (Harrow, East)
MacShane, Denis (Rotherham)
Mactaggart, Fiona Margaret (Slough)
Mahmood, Khalid (Birmingham, Perry Barr)
Main, Anne Margaret (St. Albans)
Malik, Shahid (Dewsbury)
Malins, Humfrey Jonathan (Woking)
Mallaber, Judy (Amber Valley)
Mann, John (Bassetlaw)
Maples, John Cradock (Stratford-on-Avon)
Marris, Robert Howard (Wolverhampton, South-West)
Marsden, Gordon (Blackpool, South)
Marshall, David (Glasgow, East)
Marshall-Andrews, Robert Graham (Medway)
Martin, Rt. Hon. Michael John (Glasgow, North-East)
Martlew, Eric Anthony (Carlisle)
Mates, Rt. Hon. Michael John (East Hampshire)
Maude, Rt. Hon. Francis Anthony Aylmer (Horsham)
May, Rt. Hon. Theresa Mary (Maidenhead)
Meacher, Rt. Hon. Michael Hugh (Oldham, West and Royton)
Meale, Joseph Alan (Mansfield)
Mercer, Patrick John (Newark)
Merron, Gillian Joanna (Lincoln)
Michael, Rt. Hon. Alun Edward (Cardiff, South and Penarth)
Milburn, Rt. Hon. Alan (Darlington)
Miliband, David Wright (South Shields)
Miliband, Edward Samuel (Doncaster, North)
Miller, Andrew Peter (Ellesmere Port and Neston)
Miller, Maria Frances Lewis (Basingstoke)
Milton, Anne Frances (Guildford)
Mitchell, Andrew John Bower (Sutton Coldfield)
Mitchell, Austin Vernon (Great Grimsby)
Moffatt, Laura Jean (Crawley)
Mole, Christopher David (Ipswich)
Moon, Madeleine (Bridgend)
Moore, Michael Kevin (Berwickshire, Roxburgh and Selkirk)
Moran, Margaret (Luton, South)
Morden, Jessica Elizabeth (Newport, East)
Morgan, Julie (Cardiff, North)
Morley, Elliot Anthony (Scunthorpe)
Moss, Malcolm Douglas (North-East Cambridgeshire)
Mountford, Kali Carol Jean (Colne Valley)
Mudie, George Edward (Leeds, East)
Mulholland, Gregory Thomas (Leeds, North-West)
Mullin, Christopher John (Sunderland, South)
Mundell, David Gordon (Dumfriesshire, Clydesdale and Tweeddale)
Munn, Margaret Patricia (Sheffield, Heeley)
Murphy, Conor Terence (Newry and Armagh)
Murphy, Denis (Wansbeck)
Murphy, Jim (East Renfrewshire)
Murphy, Rt. Hon. Paul Peter (Torfaen)
Murrison, Andrew William (Westbury)

N

Naysmith, John Douglas (Bristol, North-West)
Neill, Robert (Bromley and Chislehurst) [*By-election, July 2006*]
Newmark, Brooks (Braintree)
Norris, Dan (Wansdyke)

O

O'Brien, Michael (North Warwickshire)
O'Brién, Stephen Rothwell (Eddisbury)
O'Hara, Edward (Knowsley, South)
Oaten, Mark (Winchester)
Olner, William John (Nuneaton)
Öpik, Lembit (Montgomeryshire)
Osborne, George Gideon Oliver (Tatton)
Osborne, Sandra (Ayr, Carrick and Cumnock)
Ottaway, Richard Geoffrey James (Croydon, South)
Owen, Albert (Ynys Môn)

P

Paice, James Edward Thornton (South-East Cambridgeshire)
Paisley, The Reverend Ian Richard Kyle (North Antrim)
Palmer, Nicholas Douglas (Broxtowe)
Paterson, Owen William (North Shropshire)
Pearson, Ian Phares (Dudley, South)
Pelling, Andrew John (Croydon, Central)
Penning, Michael Alan (Hemel Hempstead)
Penrose, John David (Weston-Super-Mare)
Picking, Anne (East Lothian)
Pickles, Eric Jack (Brentwood and Ongar)
Plaskitt, James Andrew (Warwick and Leamington)
Pope, Gregory James (Hyndburn)
Pound, Stephen Pelham (Ealing, North)
Prentice, Bridget Theresa (Lewisham, East)
Prentice, Gordon (Pendle)
Prescott, Rt. Hon. John Leslie (Kingston upon Hull, East)
Price, Adam (Carmarthen, East and Dinefwr)
Primarolo, Rt. Hon. Dawn (Bristol, South)
Prisk, Mark (Hertford and Stortford)
Pritchard, Mark Andrew (The Wrekin)
Prosser, Gwynfor Mathews (Dover)
Pugh, John David (Southport)
Purchase, Kenneth (Wolverhampton, North-East)
Purnell, James Mark Dakin (Stalybridge and Hyde)

R

Rammell, William Ernest (Harlow)
Randall, Alexander John (Uxbridge)
Raynsford, Rt. Hon. Wyvill Richard Nicolls (Greenwich and Woolwich)
Redwood, Rt. Hon. John Alan (Wokingham)
Reed, Andrew John (Loughborough)
Reed, Jamieson Ronald (Copeland)
Reid, Alan (Argyll and Bute)
Reid, Rt. Hon. John (Airdrie and Shotts)
Rennie, Willie (Dunfermline and West Fife) [*By-election, February 2006*]
Rifkind, Rt. Hon. Sir Malcolm Leslie (Kensington and Chelsea)
Riordan, Linda (Halifax)
Robathan, Andrew Robert George (Blaby)
Robertson, Angus (Moray)
Robertson, Hugh Michael (Faversham and Mid Kent)
Robertson, John (Glasgow, North-West)
Robertson, Laurence Anthony (Tewkesbury)
Robinson, Geoffrey (Coventry, North-West)
Robinson, Iris (Strangford)
Robinson, Peter David (Belfast, East)
Rogerson, Daniel John (North Cornwall)
Rooney, Terrence Henry (Bradford, North)
Rosindell, Andrew Richard (Romford)
Rowen, Paul John (Rochdale)
Roy, Frank (Motherwell and Wishaw)
Ruane, Christopher Shaun (Vale of Clwyd)
Ruddock, Joan Mary (Lewisham, Deptford)
Ruffley, David Laurie (Bury St. Edmunds)
Russell, Christine Margaret (City of Chester)
Russell, Robert Edward (Colchester)
Ryan, Joan Marie (Enfield, North)

S

Salmond, Alex Elliot Anderson (Banff and Buchan)
Salter, Martin John (Reading, West)
Sanders, Adrian Mark (Torbay)
Sarwar, Mohammad (Glasgow, Central)
Scott, Lee (Ilford, North)
Seabeck, Alison Jane (Plymouth, Devonport)
Selous, Andrew Edmund Armstrong (South-West Bedfordshire)
Shapps, Grant V (Welwyn Hatfield)
Sharma, Virendra Kumar (Ealing, Southall) [*By-election, July 2007*]
Shaw, Jonathan Rowland (Chatham and Aylesford)
Sheerman, Barry John (Huddersfield)
Shepherd, Richard Charles Scrimgeour (Aldridge-Brownhills)
Sheridan, James (Paisley and Renfrewshire, North)
Short, Rt. Hon. Clare (Birmingham, Ladywood)
Simmonds, Mark Jonathan Mortlock (Boston and Skegness)
Simon, Siôn Llewelyn (Birmingham, Erdington)
Simpson, Alan John (Nottingham, South)
Simpson, David (Upper Bann)
Simpson, Keith Robert (Mid-Norfolk)
Singh, Marsha (Bradford, West)
Skinner, Dennis Edward (Bolsover)
Slaughter, Andrew Francis (Ealing, Acton and Shepherd's Bush)
Smith, Rt. Hon. Andrew David (Oxford, East)
Smith, Angela Christine (Sheffield, Hillsborough)
Smith, Angela Evans (Basildon)
Smith, Geraldine (Morecambe and Lunesdale)
Smith, Rt. Hon. Jacqueline Jill (Redditch)
Smith, John William Patrick (Vale of Glamorgan)
Smith, Sir Robert (West Aberdeenshire and Kincardine)
Snelgrove, Anne Christine (South Swindon)
Soames, Arthur Nicholas Winston (Mid-Sussex)
Soulsby, Sir Peter Alfred (Leicester, South)
Southworth, Helen Mary (Warrington, South)
Spellar, Rt. Hon. John Francis (Warley)
Spelman, Caroline Alice (Meriden)
Spicer, Sir Michael William Hardy (West Worcestershire)
Spink, Robert Michael (Castle Point)
Spring, Richard John Grenville (West Suffolk)
Squire, Rachel Anne (Dunfermline and West Fife) [*Died, January 2006*]
Stanley, Rt. Hon. Sir John Paul (Tonbridge and Malling)
Starkey, Phyllis Margaret (Milton Keynes, South-West)
Steen, Anthony David (Totnes)
Stewart, Ian (Eccles)
Stoate, Howard Geoffrey Alvan (Dartford)

Strang, Rt. Hon. Gavin Steel (Edinburgh, East)
Straw, Rt. Hon. John Whitaker (Blackburn)
Streeter, Gary Nicholas (South-West Devon)
Stringer, Graham Eric (Manchester, Blackley)
Stuart, Gisela Gschaider (Birmingham, Edgbaston)
Stuart, Graham Charles (Beverley and Holderness)
Stunell, Andrew (Hazel Grove)
Sutcliffe, Gerald (Bradford, South)
Swayne, Desmond Angus (New Forest, West)
Swinson, Jo (East Dunbartonshire)
Swire, Hugo (East Devon)
Syms, Robert Andrew Raymond (Poole)

T

Tami, Mark Richard (Alyn and Deeside)
Tapsell, Sir Peter Hannay Bailey (Louth and Horncastle)
Taylor, Dari Jean (Stockton, South)
Taylor, David Leslie (North-West Leicestershire)
Taylor, Ian Colin (Esher and Walton)
Taylor, Matthew Owen John (Truro and St. Austell)
Taylor, Richard Thomas (Wyre Forest)
Teather, Sarah Louise (Brent, East)
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Turner, Neil (Wigan)
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OFFICIAL REPORT

IN THE THIRD SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-SIXTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 467**

FIRST VOLUME OF SESSION 2007-2008

House of Commons

Tuesday 6 November 2007

The House met at twenty-five minutes past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Message to attend Her Majesty:

The House went; and having returned:

The sitting was suspended until half-past Two o'clock, and then resumed.

2.30 pm

On resuming—

Speaker's Statement

Mr. Speaker: As the House will recall, it was agreed that the Speaker should make a brief statement at the beginning of each Session about the duties and responsibilities of hon. Members.

Our ancient privileges allow us to conduct our debate without fear of outside interference. In particular, we enjoy freedom of speech, in both Committee proceedings and debates on the Floor of the House. Parliamentary privilege is essential for proper democratic debate and scrutiny, and it should be exercised responsibly. It is up to each one of us to ensure, as individuals and collectively, that we do not misuse the rights that we have. They should be exercised in the public interest. We must ensure that we follow the letter and spirit of the code of conduct and related rules which we have approved to regulate our business.

Each Member is here to represent the views of his or her constituents and to participate in the process of democracy. We should ensure that every Member is heard courteously, regardless of the view that he or she is expressing.

Every member of the public has a right to expect that his or her Member of Parliament will behave with civility, in the best traditions of fairness, with the highest level of probity and with integrity. [HON. MEMBERS: "Hear, hear."] I am glad that you are listening.

I turn now to security, not only for Members of Parliament but for the staff of the House who work so hard on our behalf, and for those who are pass-holders. I expect every Member of the House to co-operate fully with those officials who are responsible for security, which ensures that our democratic process is not disturbed and visitors to Parliament can continually be made welcome.

As Members, we are aware that the boundary commissioner is looking constantly at constituency boundaries. Hon. Members have a duty to look after the constituents who elected them. Those boundaries do not change until the next election, so we must obey the convention of not involving ourselves with another Member's constituency until that time.

OUTLAWRIES BILL

A Bill for the more effectual preventing Clandestine Outlawries was read the First time, and ordered to be read a Second time.

Queen's Speech

Mr. Speaker: I have to acquaint the House that this House has this day attended Her Majesty in the House of Peers, and that Her Majesty was pleased to make a Most Gracious Speech from the Throne to both Houses of Parliament, of which I have, for greater accuracy, obtained a copy.

I shall direct that the terms of the Gracious Speech be printed in the Votes and Proceedings. Copies are available in the Vote Office.

The Gracious Speech was as follows:

My Lords and Members of the House of Commons

My Government will take forward policies to respond to the rising aspirations of the people of the United Kingdom; to ensure security for all; and to entrust more power to Parliament and the people.

My Government's programme will meet people's aspirations for better education, housing, healthcare and children's services, and for a cleaner environment.

My Government is committed to raising educational standards and giving everyone the chance to reach their full potential.

A Bill will be introduced to ensure that young people stay in education or training until age 18, and to provide new rights to skills training for adults.

Draft legislation will be brought forward to reform apprenticeships.

Available and affordable housing is one of my Government's main priorities.

Legislation will be introduced to create a new Homes and Communities Agency that will deliver more social and affordable housing, and promote regeneration.

There will also be a Bill to reform the planning system, providing for quicker and more transparent decision-making.

My Government is committed to providing a healthcare system organised around the needs of the patient.

Legislation will be introduced to create a stronger health and social care regulator with a remit to ensure clean and safe services and high-quality care.

A Bill will be brought forward to reform the regulation of human embryology and to ensure that Britain remains at the forefront of medical research.

My Government wants all children to have the best possible start in life.

There will be a Bill to improve services for vulnerable children and young people, including those in care.

My Government will bring forward proposals to help people achieve a better balance between work and family life.

Legislation will be introduced to enable unclaimed money in dormant bank accounts to be used for youth facilities, financial inclusion and social investment.

A Bill will place a duty on every employer to contribute to good quality workplace pensions for their employees.

My Government is committed to protecting the environment and to tackling climate change, both at home and abroad.

A Bill will be brought forward to make the United Kingdom the first country in the world to introduce a legally binding framework to reduce carbon dioxide emissions.

My Government will introduce legislation to provide clean, secure and affordable supplies of energy.

There will be legislation to tackle congestion and improve public transport.

Alongside measures to meet rising aspirations, my Government will take further action to create stronger communities and tackle terrorism.

Legislation to reform the criminal justice system will continue to be taken forward, with the aim of protecting the public and reducing re-offending.

My Government will publish a draft Bill on citizenship.

My Government will seek a consensus on changes to the law on terrorism so that the police and other agencies have the powers they need to protect the public, whilst preserving essential rights and liberties.

My Government will pursue policies to secure a stable and strong economy, with low inflation, sound public finances, and high levels of employment.

Legislation will be brought forward to protect depositors and ensure confidence in the banking system.

A Bill will be introduced to reduce regulatory burdens on business.

My Government is committed to openness and accountability, and to a strong Parliament able to hold the Government properly to account.

Proposals will be brought forward to renew the constitutional settlement and strengthen the relationship between the Government, Parliament and the people.

My Government will bring forward proposals on the regulation of party finance and expenditure.

Members of the House of Commons

Estimates for the public services will be laid before you.

My Lords and Members of the House of Commons

My Government will continue to work closely with the devolved administrations in the interests of all the people of the United Kingdom.

My Government will continue to work to build a prosperous and secure European Union, better able to respond to the challenges of globalisation. Legislation will be brought forward to enable Parliament to approve the European Union Reform Treaty.

Reducing global poverty will be a high priority for my Government, with renewed efforts to achieve the Millennium Development Goals. The Duke of Edinburgh and I look forward to visiting Uganda later this month for the Commonwealth Heads of Government Meeting.

My Government will continue to work with the Government of Iraq to deliver security, political reconciliation and economic reconstruction.

My Government will continue to support the Government of Afghanistan as it tackles extremism, instability and the narcotics trade.

My Government will continue to work with the United Nations, G8 and European Union to prevent the spread of weapons of mass destruction, including addressing international concerns over Iran's nuclear intentions.

My Government will maintain Britain's strong commitment to reaching a lasting peace settlement between Israel and the Palestinians.

Other measures will be laid before you.

My Lords and Members of the House of Commons

I pray that the blessing of Almighty God may rest upon your counsels.

Debate on the Address

[First Day]

Mr. Speaker: Before I call the mover and seconder, I shall announce the proposed pattern of debate during the remaining days on the Loyal Address: Wednesday 7 November—home affairs and justice; Thursday 8 November—local government and environment, food and rural affairs; Monday 12 November—foreign affairs and defence; Tuesday 13 November—health and education; Wednesday 14 November—economy and pensions.

2.35 pm

Mr. Richard Caborn (Sheffield, Central) (Lab): I beg to move,

That an humble Address be presented to Her Majesty, as follows:

Most Gracious Sovereign,

We, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom and Great Britain and Northern Ireland, in Parliament assembled, beg leave to offer our humble thanks to Your Majesty for the Gracious Speech which Your Majesty has addressed to both Houses of Parliament.

Mr. Speaker—*[Interruption.]* That is the formalities over with. Mr. Speaker, it gives me great pleasure, after some 24 years as a Member of this House, to have been invited to move the Loyal Address. It is also nice to address a full Chamber—*[Interruption.]*—or a nearly full Chamber, to be correct. The last time I addressed a full Chamber, I was standing at the Dispatch Box; I was recommending the casino advisory panel's—*[Interruption.]*. That was neither the pinnacle of my parliamentary career, nor one of my most productive speeches. I hope that the House will accept my contribution today with a little more sympathy than it did on that occasion. A few weeks ago, I thought I would be riding off into the sunset of my political career rather than moving the Loyal Address. How wrong people can be. I think it was Harold Wilson who said that seven days in politics is like a lifetime. That is probably true.

There are many reasons why it is a privilege and a pleasure to move the Loyal Address, and I should like to refer to a couple of them. First, I must mention my family, and particularly my mum. She is 91—and, thanks to the NHS, she has just had a little knee replacement operation. She is still a very active member of the Co-op guild and party and a strong Methodist, and she is also strong on temperance—her son has not quite copied her in that respect. The Methodist minister keeps sending me messages via my mum about the legislation I was recently involved in putting on the statute book: liquor licensing, 24-hour opening and modernisation of gambling—we would have needed only to chuck sex on to that list to have cracked it. The young Methodist minister keeps asking, "What's gone wrong with his Methodist upbringing?" I have, however, sent the message back to him that I have every confidence in the Methodist mission to combat and control those perceived evils—I do say perceived evils. It is a good job that he did not find out that I also had horse racing and greyhound racing in my portfolio of ministerial responsibilities.

The second reason why it is a privilege and a pleasure to move the Loyal Address is my constituency of Sheffield, Central—the constituency I was born in, educated in, and where I worked until I was elected as an MEP in 1979. I am fiercely proud of the city of Sheffield. I left school at the age of 15 and, like many of my contemporaries, I went into an engineering apprenticeship, of which I was very proud. I did not go to university, but spent three nights a week at night school before moving on to day release in further education and then to a technical college—Sheffield polytechnic, which is now the fantastic Sheffield Hallam university. Apprenticeships served us well, and I am pleased that apprenticeship reform is a part of the Queen's Speech. I welcome that; it will serve the nation well, too. I genuinely hope, Mr. Speaker, that people like you and me, with our backgrounds, will always have a place here. If this House ever becomes stuffed full of professional politicians, it will be a sad day for the House and the nation. *[Interruption.]* There is an old saying, "If the cap fits, wear it."

Sheffield, Central has a great industrial history. It has played a role for this nation in war and peace, particularly during the first and second world wars. Even when Hitler tried to rip the industrial heart out of our city, it continued to support our forces with the armaments they needed to fight for freedom and democracy, and against fascism. Its industrial contribution in peacetime has been considerable. For example, it gave stainless steel to the world when Brearley produced the first molt in 1913. It made a contribution to the aerospace industry when it helped Rolls-Royce to put the most advanced aerospace engine into the skies—the RB211—from which the Trent engine derived. It was a decade ahead of its competitors. The city also played a role in getting Concorde into the skies. Without Sheffield's forging and casting, exploration for North sea oil would not have been as successful. The energy industry benefited considerably from Sheffield's engineering and materials development, whether in the field of oil, gas, renewables or the nuclear sector.

The challenges of climate change are rightly referred to in the Queen's Speech, and I believe that security of energy supply and a sound energy policy are absolutely crucial to our future. I believe that we have to bite the bullet sooner rather than later in acknowledging the role of nuclear power in the energy portfolio, not just here in the UK but around the world.

Many hon. Members will know that Sheffield is a great city of sport. It has the oldest football team in the world, Sheffield FC, which is celebrating its 150th anniversary this year. Indeed, the Prime Minister sent a very kind letter to a dinner that the club held a few weeks ago. Sheffield has been named the first city of sport and, along with the English Institute of Sport, it boasts some of the finest sports facilities anywhere in the country. It also has the Mecca of football: Bramall Lane, the home of Sheffield United. My right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett) may not like this, but the city boasts two professional teams: Sheffield United and Sheffield United reserves.

As the Prime Minister knows, we have our differences on football. He is a great Raith Rovers fan, so obviously, like me, he always supports an underdog such as Sheffield United. When we were at Wembley the other day for the Germany match against England I

was ribbing him about a great defeat that took place at Wembley a few years ago—Scotland 3, England 9 in 1961. I reminded my right hon. Friend, and yes he did smile, even on that day.

During the last 10 years Sheffield has been transformed. I would like to acknowledge the work of the Labour leader of our city council, Jan Wilson, and its chief executive, Sir Bob Kerslake. In the dark days of 1997, Sheffield had high unemployment, crumbling schools and second-rate housing. The social fabric of the city was under severe pressure, and families were experiencing second and third-generation unemployment.

I want to tell a little story—and this is a true story. In 1997, I was proud to become a Minister in a Labour Government and I was given the regeneration portfolio. I called a meeting in Sheffield, in the Manor estate, in the middle of my constituency. That estate had been condemned in the national press as one of the worst in the country. Civil servants from the region and representing national portfolios were at the meeting. It was progressing in this church on a wet Wednesday afternoon, when all of a sudden the big oak door of the church creaked open, and a little snotty-nosed kid put his head round the door and shouted, "Anybody want to buy a microwave?" I said, "Come here!" The civil servant from the Treasury said, "What was all that, Minister?" I said, "That is the redistribution of wealth that stands in for the taxation system. It's called crime, and if we do not do something about it, it will happen in many inner cities, and it will get worse not better."

I am pleased to say that Sheffield is a city of opportunity. It is a modern university city with two great universities and teaching and children's hospitals that I believe to be among the best in the world. It is a city of opportunity, but for that little lad who put his head round the door, it is also a city of hope, thanks to what has been done over the past few years.

In fact, Sheffield has been so successful that it has brought many people in, and I have a new political neighbour in Sheffield, Hallam. He has been there only two years but he has been so filled with confidence that he has decided to make a bid for the leadership of the Lib Dems. If the hon. Member for Sheffield, Hallam (Mr. Clegg) wants some advice, I am a little bit of an expert, having run a few election campaigns for my right hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott). It took JP three attempts to get to the deputy leadership of the Labour party—I do not think that the hon. Gentleman ean wait that long, but I wish him well in his leadership bid. *[Interruption.]* I gather that that sentiment does not gain universal acceptance.

In the past 20 years, I have had opportunities to serve on many Committees, perhaps none so challenging and rewarding as chairing the Select Committee on Trade and Industry in the early 1990s. Its reports in that period are still cited in many publications as authoritative and well presented. I want to put it on record that the servants of the House, especially the Clerks to the Committees, are the most talented and conscientious and have the utmost integrity. We should always respect and appreciate their services. Serving as a Minister for 10 years has taught me the dedication, value and quality of our civil servants. In the adversarial system in which politics operates in this country, we should appreciate, respect and be proud of public service.

It is a great honour to propose the first Loyal Address under my right hon. Friend the Prime Minister. I have worked with him since I was elected to the House in 1983. We worked together on the Opposition Front Bench in the 1980s and developed many policies such as regionalisation, in which he and I have a great interest. He was also an active supporter of the anti-apartheid movement. Indeed, in those heady days of the 1980s and 1990s, working with my right hon. Friend was like riding a rollercoaster. His office was the most untidy that I have ever seen. His coffee cups were not washed for days on end and I used to say, "Gordon, for goodness' sake, wash the coffee cups out." He was always demanding. *[Interruption.]* Someone behind me asks, "Didn't he say, 'Get on with it, Richard'?" My right hon. Friend is always driving forward. When he offered me a post, which I was proud to accept, as ambassador for the World cup 2018, he said, "Richard, it's a great job; you've got the credentials, the telephone book and the zeal to go out there. Oh, by the way, there's no salary." In his thrifty style, my right hon. Friend yet again got the old trade union official to work for nowt.

Many people have commented on my right hon. Friend's character and style but the words of P. G. Wodehouse sum it up:

> "It is never difficult to distinguish between a Scotsman with a grievance and a ray of sunshine."

That little ray of sunshine comes through in the most hard-working, conscientious person whom I have worked with over the years that I have been here. I hope that the Loyal Address will be the first of many under his premiership.

The Queen's Speech refers to the health of the nation. I believe that that and climate change are the two biggest issues that face our nation and many others. As Sports Minister, one of my proudest achievements was delivering, through the school sports partnerships, an increase of more than 60 per cent. in sport and physical activity in our schools in the past six years. That means that nearly 4 million hours a week more of sport and physical activity are undertaken every week in our schools now than happened in 2001. That, coupled with more playing fields being opened than closed in the past two years, is starting to change the culture of our nation in the right direction.

In the past six years, it has been very pleasing to be part of a team that brought the 2012 Olympics to London. It was great to see the nation get behind the bid and when, in July 2005, the result was London, we saw the nation rejoice in a way which, I think, we had not seen before.

I have two little stories of how that bid was won. The first involved David Beckham. London 2012 came to me and said, "Can you get David Beckham to go to Singapore? It'd be great—remember when the 50 kids walked in and Beckham was with them?" It was absolutely great to set up that part of the bidding process. I said, "Fine". I talked to Sven—he was then the manager of the England team and very close to David, who was the captain of the England team. He was very generous and came in to see me. We discussed whether David could go—it was David's wedding

[Mr. Richard Caborn]

anniversary on the Monday and we made the bid on the Wednesday. Sven said that he would do what he could, but by the way, could I meet Nancy to talk about her charity, Truce International—so, there was a quid pro quo. The rest is history. Beckham went to Singapore and did a fantastic job, along with Tony Blair, Seb Coe, my right hon. Friend the Minister for the Olympics and many of that team, both then and before that. I pay tribute to what Sven did in delivering that part of the bargain, and I delivered my part, as well.

The other person who supported us and was helpful in giving us kind words of encouragement—I hope hon. Members will listen to this, particularly the Leader of the Opposition, because what I am going to say is important in terms of what we did for our bid and how people can return—was Nelson Mandela. As I travelled down to South Africa to see Nelson Mandela, I reflected on 20 or so years in the House and on my association with the anti-apartheid movement and with Nelson Mandela. It was remarkable that he was denounced by prominent people in the House as a terrorist, for being part of the leadership of the African National Congress. I say this genuinely: we should always be careful to distinguish between terrorists and freedom fighters.

Before one of Mandela's first visits to this country in the 1990s, after serving 27 years on Robben island, I was told by the secretary of the all-party South Africa group that it would not be advisable for him to visit the House of Commons. However, as a good trade union official—as you know, Mr. Speaker—I did not take no for an answer. We negotiated and we got a compromise, which saw him enter via the back door of Westminster Hall and after that attend a meeting in the Grand Committee Room—it was a fantastic meeting, but the conditions were no TV, no cameras. What was remarkable on that day was that six Caribbean lasses who worked in the Members' Tea Room wanted so desperately to meet Nelson Mandela that as he left—yes, through the back door of Westminster Hall—they formed a line of honour and he hugged and kissed every one of them. They will remember that for the rest of their lives.

To roll the clock forward six years, what happened on Mandela's first visit was a far cry from 11 July 1996, when he came on a state visit and entered Westminster Hall through the front door, with a fanfare of trumpets, to speak to some of those who had denounced him as head of a terrorist organisation but a few years previously. Times have changed and they have changed for the better. I say that sincerely to Opposition Members.

I finish on this message. It is a message that Mandela gave to me after signing the flag. He said, "Richard, I really want to thank you and the British Government for something that we believed would never happen in Africa." That a single Government could make such a difference to a continent—the African continent. What the current Prime Minister did when he was Chancellor of the Exchequer, alongside the Blair African mission, was to persuade international financial institutions that the restructuring and rescheduling of debt is a key to relieving African poverty. Mandela said that thousands of people are alive today because of that action, that countries such as Zambia are becoming more economically viable and that the future for Africa is considerably brighter than it was a decade ago.

In government, we can make a difference, and we will make a difference in this country. Let us always remember: we can make a difference throughout the world, as well.

2.53 pm

Ms Dawn Butler (Brent, South) (Lab): It is an honour and a privilege, not only for me but for my constituents in Brent, that I have been asked to second the Loyal Address. I must admit that, when I got the message to call the Chief Whip, my first reaction was, "Uh-oh, what have I done now? He's caught me." Then, when I was told that this honour was to be bestowed upon me, I thought, "Uh-oh, he has caught me!" However, my right hon. Friend the Chief Whip has such a nice way of putting things that, even if he asked me to sit on the Crossrail Bill, I would probably be inclined to say yes—*[Laughter.]* Oh dear! I fear that I have made a rod for my own back.

It is truly an honour to be asked to speak today. It is also an honour to follow my right hon. Friend the Member for Sheffield, Central (Mr. Caborn). Like me, he is a former trade union official, and we have an awful lot in common. We have also shared great moments cheering and shouting at football matches at the amazing new Butler stadium, also known on the streets as Wembley stadium. One of my most surreal moments was when I was travelling on the Jubilee line from Westminster to Wembley with him and my right hon. Friend the Prime Minister. When we got on to the train, I was so caught up in my own excitement that I thought everyone was looking at me. This really cute guy started to walk towards me, and my heart started to beat a little faster. Then he pushed me to one side and asked for the PM's autograph.

Many hon. Members may know that Brent has one of the new modern wonders of the world. It is not Dollis Hill house, which is used as a hospital for world war one and world war two soldiers; nor is it the largest temple outside India, which is also in my constituency, or the multicultural mosque, or even the house where Bob Marley used to live. Amazing though all those buildings are, it is, in fact, Butler stadium. Hon. Members might want to visit my constituency to see the many wonders that are scattered all around, and I hope that they will do so—but please do not ask me for football tickets, as refusal often offends. For anybody wanting football tickets, their best bet is probably to ask my right hon. Friend the Member for Sheffield, Central—he is our ambassador for the 2018 World Cup, after all. I am sure that he will have fond memories of the times that we shared at Wembley, and that he shares my hope that someone in my constituency will help to bring football home for GB—the country and the Prime Minister.

I like to think that I am a fairly modern chick, so when the opportunity arose to sit on the Modernisation Committee, I jumped at the chance. I am not quite sure whether the Committee helps with modernisation that much, but it has helped me to understand some universal truths: men are from Mars, women are from Venus, and

some Members of Parliament are from a planet not yet discovered. The modernisation measures set out in the Queen's Speech have given me new hope. The Queen often awards OBEs and MBEs regardless of colour, creed, religion or class. As we are on the theme of modernising, perhaps we could have a word change. "Order of British Excellence" or "Merit of British Excellence" would sum up the people around the country and in my constituency beautifully.

Brent, South is one of the most diverse constituencies in the UK, and, although I might have some of the poorest wards in the country, I can testify that the constituency is full of richness and ordinary people who are doing extraordinary things every day. I am glad that the Queen has acknowledged in her speech the rising aspirations of the many, and not the few, through the education and skills Bill and the new housing and regeneration Bill.

I was elected to the House in 2005, and it was one of the proudest moments for me and my family. I promised, at my first meeting in the school hall, that I would be the voice of young people and that, when I stood in this place, I would make sure that their voices were heard. That is why I am really proud that the Government have announced that unclaimed assets can be used to improve young people's services across the UK. More than 700 places will be created—more than one for every constituency—so we shall all have something to look forward to. That will ensure that young people in every constituency will have a place to go and something to do.

I remember addressing a group of young people, and one of them saying to me, "Why are you so interested in youth issues?" Before I could answer, a young guy jumped up and said, "Because she used to be young once." I think it was at that same school that I wore a bright orange suit, and a young girl with tears in her eyes said, "Miss, do all MPs have to dress like that?" I might have been offended—after all, it was quite an expensive suit—but it is time that we stopped demonising young people.

There is constant talk about gangs. I witnessed a gang mentality just a month ago, when a group of mainly white men heckled and jeered—at times in unison—and its leader started stabbing his middle finger in the direction of the other side. He went on angrily to goad the other side, which duly responded with insults and jeers to match. I felt inclined to join in: after all, this was Prime Minister's questions! We should be careful how we label people. Youth week, as outlined in "Aim high for young people: a ten year strategy", will help the media, the public and politicians to gain greater understanding of young people and their culture.

We need people to understand that politics matters. When our Prime Minister took action to secure debt relief, it was a question not of some figures on a balance sheet but of shifting the balance on the scales of justice. He moved the balance in favour of the poorest, but some debt cannot so easily be written off. One such debt is the enslavement of 13 million Africans. As we approach the end of the bicentenary of the abolition of the slave trade legislation, I know that our legacy will be to teach an objective history as part of the curriculum. I hope that we will commemorate slavery each year, as we do the holocaust.

The national armed forces memorial in Staffordshire, which the Prime Minister visited to pay his respects to all who lost their lives in past and present wars, makes this year's remembrance very special. I wear my poppy with pride, as all hon. Members do.

We must also remember all our young people who have needlessly lost their lives to gun and knife crime. The proposals outlined today will have an impact and help to make our communities safer. I have seen the youth opportunity fund and the youth capital fund work in Brent. I have seen the difference that they make and I believe that my constituents would want me to take this opportunity to bring to the House's attention the energy and creativity of Brent's young people. I have seen the work commitment, the dedication and the pride on young people's faces when their projects have been completed.

I have spoken to many kids on the streets, who say that they want things to do, places to go and an education that will give them a good job. Imagine my surprise when the Youth Parliament, which I helped to set up, came to Westminster and voted to stay on at school beyond 16. When I was at school, it was not so much me wanting to leave as the teachers hoping that I would! They could not think of a profession for someone so mouthy and argumentative. Well, here I am!

For the first time, we have had a pre-legislative draft, which has helped us to prepare for today. It means that we can quickly progress to implementation of the health and social care Bill; it means that we can commit to continued investment in the NHS, which is 60 next year; and it shows that we have real belief in the aspirations of all the people of this country.

We have so much to do and we must not shy away from the great work that Labour has done for our country. We have lifted 600,000 children out of poverty—19,700 of them in Brent alone. The minimum wage now stands at more than £5 an hour, the winter fuel benefit in Brent is £11,600—and I could go on and on. *[Interruption.]* Tempting as it is to go on, I would like to end.

Ten years ago, as a trade union official, I had colleagues who travelled in car boots just to get here to speak to Members and to recruit new ones. I witnessed first hand how a Labour Government changed people's lives for the better. We stopped riding in car boots and finally walked in through the front door. It is a memory that will stay with me for ever. My members, some of whom were earning only £2.50 an hour, felt empowered by having their trade union official by their side. I was a young idealistic activist trying to change the world. Although I hope I have not changed that much in 10 years—beyond a few grey hairs and a dodgy orange suit, perhaps—I am very grateful that this country has changed.

I am one of the youngest Members in the House and I hope that young people watching our proceedings today are inspired not just by our democracy, but by the sense that they, too, can be part of it. If anyone hearing our speeches today or reading about them tomorrow questions whether politics works or whether it matters, I say to them that cynicism did not create the welfare state, indifference did not introduce the minimum wage or bring peace to Northern Ireland, and apathy did not end debt slavery for the world's

[Ms Dawn Butler]

poorest people or give our most valuable pensioners dignity in their retirement. It was politics that did all that. That is the difference that politics makes. The strength of self-belief, the dignity of truth and the engagement of politics can turn slaves into free people. I dedicate this speech to my ancestors and all those who gave their tomorrows for our todays. I commend the Gracious Speech to the House.

3.5 pm

Mr. David Cameron (Witney) (Con): Let me start by paying tribute to the firefighters who lost their lives in the tragedy in Warwickshire on Friday evening. It was a reminder of the great risks that our emergency services take on our behalf all the time. The thoughts and prayers of the whole House will be with their families.

I congratulate the proposer and the seconder of the Loyal Address. The right hon. Member for Sheffield, Century—sorry, I meant Sheffield, Central (Mr. Caborn); his speech did not feel like a century—spoke powerfully about his constituency and the city that he loves. When he made the case against professional politicians, he united the whole House against both Front Benches, which was a great achievement.

The right hon. Gentleman was a popular and successful Minister for Sport, but things did not start quite that well. Few of us will forget—I hope that he will not mind too much if I remind hon. Members—the Radio 5 Live quiz with which he launched his career. For greater accuracy, I have obtained a copy. He was asked,

"Can you name the four players in today's semi-finals of the Stella Artois?"

He replied,

"um...errr...Henman. I can't, no."

He was asked,

"Can you name three jockeys who will be riding at Royal Ascot this week?"

He replied:

"No. I know nothing about horse racing at all."

Then he was asked:

"Can you name three European golfers playing in the US Open?"

At this stage, the transcript says, there was an "audible sigh". Then he said,

"uummm, uurrrr...No. I haven't been watching the golf at all."

Next he was asked:

"Who is the captain of the British Lions?"

His replied:

"Don't know that one either. I'm terrible this morning."

The *Daily Mail*—charitable, as we all know—ran a quiz the next day entitled, "Are you dumb enough to be Sports Minister?" To his great credit, however, the right hon. Gentleman brushed all that aside and persevered. He is a shining example of how there are times when one has to ignore the press and just get on with the job.

As the right hon. Gentleman reminded us, he will also be remembered for launching and continually relaunching the career of another much-loved national political figure. He ran his deputy leadership campaign in 1992, his leadership campaign in 1994 and his deputy leadership campaign in the same year. I refer, of course, to the right hon. Member for Kingston upon Hull, East (Mr. Prescott). The right hon. Gentleman's determination to stick with unfashionable causes does him a huge amount of credit. No doubt that is why the Prime Minister asked him to propose the Loyal Address today, but he did a superb job.

The hon. Member for Brent, South (Ms Butler) made an excellent speech. It was not just witty and incisive—it did not just put the Modernisation Committee firmly on the map—but passionate, and I think that she will be and is a great ambassador for this place, in spite of our political differences. She might not welcome this, but we do have something in common. She has spoken positively about young people—she did so again today—and has told us to listen

"to the voice behind the hood".

I am not sure that she needs any advice from me after that speech, but following my experience with the H-word, "hoodie", my advice would be, in all candour, "leave it there".

Her predecessor as Member of Parliament for Brent, South, Paul Boateng, famously said on the night of his election,

"today, Brent South—tomorrow, Soweto."

I understand that her ambitions are slightly different: she is in a fight to the death with her Liberal Democrat neighbour for the new Brent seat being created by boundary changes. So, for her, it is more a case of "today, Brent South—tomorrow, Brent Central." Many of us have fought Liberal Democrats and know the appalling depths to which they will stoop—[Hon. Members: "Hear, hear."] As she has just found out, she will have support on both sides of the House as she continues her fight.

The proposer and the seconder upheld the best traditions of the House, and I congratulate them on their speeches.

I pay tribute to Piara Khabra, who died earlier this year. He led an extraordinary life. Born in the Punjab in the 1920s, he fought in the second world war against the Japanese. He marched for Gandhi and Nehru, taking part in the great struggle for Indian independence. Having come to Britain, he was elected to the House as a pensioner. Piara Khabra served his constituents and his country well, and he will, I believe, be remembered fondly on both sides of the House.

Another Member of the House left us recently. I refer, of course, to the former Prime Minister, Tony Blair. I thought I had better mention him in case the current Prime Minister omitted to do so in his speech.

Although Tony Blair achieved great mastery of this place, he could not wait to get out of here. Many have asked "What was the hurry?" I think I have found the answer. There is a new book—I am sure it will be available in the Library—by Dr. Anthony Seldon. On page 330—

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): You got that far, then?

Mr. Cameron: Yes, I got that far. I did not have to read aloud, either.

Page 330 tells us that Tony Blair

"was worried about Gordon's character and personality, the dark side of his nature, his paranoia and his inability to collaborate."

No wonder he decided to opt for the comparative safety of east Jerusalem.

As we meet at the start of this Parliament, it is right that we should pay tribute to our forces in Iraq and Afghanistan. This goes beyond party. All Members of the House, whether or not they supported the wars in Iraq and Afghanistan, know that our troops are a huge source of pride to everyone in the country. If the Government propose measures to improve our troops' welfare during this Parliament, they will have our complete and full support.

As we draw down troops in Iraq, the focus on our mission in Afghanistan should, we believe, intensify. I have been to Helmand twice to see the work that our troops are doing, and I know the Prime Minister agrees that they are fulfilling their mission with bravery and professionalism. We may be winning the battle in a tactical, short-term and military sense, but I believe that we need to make more progress in a long-term strategic and political sense. I hope that, when he speaks to us today, the Prime Minister will update us on his work in encouraging President Karzai to make further progress, including progress in tackling corruption.

I hope the Prime Minister will be able to tell us about progress in the unifying of the several overlapping military commands in that country, which I believe make it more difficult to achieve the necessary progress. I also hope he will be able to comment on the proposal—which we very much support—that one person should co-ordinate the civilian, political and humanitarian efforts of the European Union, NATO and the United Nations. Such co-ordination is necessary to ensure that we do not fail in Afghanistan.

In this Parliament, I hope we can avoid a gap opening between the facts on the ground and the information supplied by the Government to the House of Commons. I hope that when the Prime Minister speaks, he will give us a guarantee that there will be full quarterly reports to Parliament on the progress being made in Afghanistan. I am sure that the House would also welcome an update on Pakistan, and on the pressure we are bringing to bear to ensure that the much-needed elections take place.

Let me now turn to the legislative proposals in the Gracious Speech. There are Bills that we support, not least because we proposed them in the first place. We very much welcome the climate change Bill, just as we welcomed it last year—and no doubt we will come back next year and welcome it all over again. It is not the only measure that has been recycled. There is also the Bill on unclaimed assets, which the Prime Minister has announced twice before, and there is the Crossrail Bill, which has been announced 11 times before.

We will welcome the draft constitutional renewal Bill. We support giving Parliament the right to vote on war, and the strengthening of Select Committees. Those are our ideas, and we will back them in the Bill; but we believe that it is time to go further. We want to see abolition of the routine guillotining of Bills, and the House of Commons being given more control of its timetable. That would be a real package for the strengthening of Parliament.

Ian Lucas (Wrexham) (Lab): My constituents are treated in hospitals in Liverpool, Manchester and Cheshire. Will the right hon. Gentleman join me in opposing proposals to take away my right to hold Ministers to account in demanding answers from them about my constituents' care?

Mr. Cameron: The hon. Gentleman needs a Conservative Administration in Wales to improve the hospital, so that his constituents do not have to cross the boundaries. [HON. MEMBERS: "Answer."] We support having English votes for English laws, so that when purely English matters are discussed in the House it is Members of Parliament sitting for English seats who have the decisive say—if the Government would like to put that in their constitutional renewal Bill, they will have our support.

The counter-terrorism Bill takes up our proposal to make it possible to interview suspects after they have been charged. We think that that is important and we welcome it. We will press the Government to go further and to include the use of intercept evidence in court and the introduction of a proper border police force, not just the border force that the Prime Minister has spoken about.

The Gracious Speech includes proposals on party funding. In our view, there can be no justification for more state funding of political parties unless a tough cap on donations applies to individuals, businesses and trade unions. That is the difference. We are prepared to accept that cap, but the Prime Minister and the Labour party are not prepared to divorce themselves from the trade unions. So far, Labour has not been able to back that cap, and I fear that we are likely to see a one-sided Bill. People will conclude, if that happens, that, having tried to put off the election once, the Prime Minister is now trying to fix its outcome.

Tom Levitt (High Peak) (Lab): Does not the right hon. Gentleman recognise the difference between a trade union with a legally set up political fund subject to the members' control, and the whim of a millionaire trying to buy seats in this House?

Mr. Cameron: The hon. Gentleman should look at the figures. He will find that trade unions spent more in marginal seats before the last election than the Conservative party. However, all the money in the world will not save him in High Peak. *[Interruption.]*

Mr. Speaker: Order. Allow the Leader of the Opposition to speak.

Mr. Cameron: Thank you, Mr. Speaker.

On the subject of our democracy, we look forward to debating the European reform treaty. We will propose many amendments, but one in particular is to give the British people the referendum that they were promised at the last election.

The Gracious Speech talks about the importance of economic stability and we welcome the Bill on deposit insurance, but let us be clear that the problems go much further than that. We have the largest budget deficit in

[Mr. Cameron]

Europe and our competitiveness is in decline. In these times of uncertainty, we need a competitive tax system, yet the Chancellor seems hellbent on increasing tax on enterprise by 80 per cent. Since it is obvious that the Chancellor does not run the Treasury any more, when the Prime Minister stands up, I hope that he will do a U-turn on capital gains tax, as he has on so many other things this week.

The real problem with the Queen's Speech is simple. It is the same as the problem with this Prime Minister. Whether it is on housing, immigration or youth unemployment, it is all short-term tricks instead of long-term problem solving. Let me take just one example: the Prime Minister's pledge to "deep clean" our hospitals. Here is the headline from one newspaper—it is just what he wanted:

"I'll wipe the wards clean—PM's amazing pledge on MRSA".

When we look at it more closely, it certainly is amazing. The Prime Minister said that "deep cleaning" would happen in "every hospital", but listen to what the Department of Health said:

"There are no plans to centrally monitor the deep cleaning of hospitals. Arrangements for the programme are entirely a matter for local determination".

[Interruption.] Wait. The Department of Health went on:

"Undertaking deep-clean is just one of a number of approaches trusts may take in tackling healthcare infections."

It gets worse. The Prime Minister said that deep cleaning would happen "over the next year", but the Department of Health said that

"no specific date has been set for either the commencement or completion of the deep-clean programme."

The Prime Minister said deep cleaning would be repeated "every 18 months", but the Department of Health said:

"The success of the first programme of deep cleaning will be fully evaluated before a decision is made about whether to repeat."

Then it said:

"There are also no plans to assess the effectiveness of deep-cleaning."

Therefore, all the things that the Prime Minister told us—that it would happen in every hospital, start immediately and be repeated every 18 months—turned out not to be true.

What a complete shambles. People are worried about going to hospital and catching a disease that might kill them, and all they get from the Government are short-term tricks. I will tell you, Mr Speaker, what needs a deep clean: the culture of spin, deceit and half-truth that we get from the Government.

The Queen's Speech does not, and the Prime Minister does not, represent any real change. The Prime Minister knows how to talk about change, but the trouble is he cannot deliver change. That is what the whole country discovered this autumn. Yes, he can do the gestures. He can wear the blue tie, speak in front of a blue background and even get Lady Thatcher round for tea. But when it comes to real, substantive change, this Prime Minister is not capable of offering anything new.

On education, the Government are going backwards. Instead of taking on the establishment and standing up for rigour and standards, they are caving in and abolishing the A-level. Instead of developing the programme of city technology colleges and city academies, they are slamming on the brakes and putting local education authorities back in charge. The Prime Minister talks about a culture change in education, but all we get is more top-down, centralising targets.

It is more of the same on welfare. We have millions on benefit and youth unemployment is higher than when the Government came to power, but still they will not introduce the sort of welfare reform that has worked everywhere else in the world. It was recommended by his own welfare adviser, but the Prime Minister rejected it.

This Prime Minister cannot be the change that Britain needs. That is why people are beginning to wonder, what is the point of this Government? Just where is the Prime Minister's vision for Britain? We were told that he would use this year's Budget to

"flesh out the vision for his planned premiership."

But when we got the Budget, there was a tax cut that turned out to be a tax con. Then they said that his vision would be in his party conference speech—and there was a vision in his speech; the only problem was that it was not his. He had borrowed it from an American. It was John Kerry's vision, and it did not work for him either. *[Interruption.]* After the disappointment of a conference speech that everyone can now see was just a laundry list of populist gimmicks, they said, "Don't worry—*[Interruption.]*

Mr. Speaker: Order. The House must come to order. The Leader of the Opposition is entitled to his say. The Prime Minister will be entitled to his say too, and I will expect the Opposition to behave themselves. I ask Government Back Benchers to behave. That includes you, Mr. Sheerman. You have been throwing in your tuppence worth too often.

Mr. Cameron: They said, "Don't worry about the vision not being in the conference speech; you'll get it in the comprehensive spending review and the pre-Budget report." Then we had flight tax, inheritance tax and non-dom tax; it was our vision, not his. Finally, they said we will see it in the Queen's Speech. Yet again, people are asking, "Is that it?" Yet another relaunch, yet another rehash of short-term gimmicks and the same old thinking: top-down targets, central control and a hyperactive state to try to run everybody's lives. The truth from this Queen's Speech is that the Prime Minister has nothing new to offer.

Chris Bryant (Rhondda) (Lab): The right hon. Gentleman is talking about change. I wonder whether I can encourage him to change one of his positions. He voted four times against legislation that introduced a new offence of incitement to religious hatred. The Government have given in to calls from hon. Members on both sides of the House for a new offence of incitement to homophobic hatred. Will he support that?

Mr. Cameron: What the hon. Gentleman will find is that—*[Interruption.]* Let me answer; it is a very serious point. We will table an amendment to make sure that any such approach is about stopping people inciting violence and is not an infringement of free speech. On incitement to religious hatred, we got the Government to compromise and produce something that was not against free speech. The hon. Gentleman is not the best person to bring about change. After all, he was the person who tried to have the coup to get rid of Tony Blair that collapsed in complete ignominy. That is the sort of change that he tries to bring about.

The truth about this Queen's Speech is that there is nothing new to offer.

Kali Mountford (Colne Valley) (Lab): I know that the right hon. Gentleman had to do his own Budget proposals on the back of an envelope, but now that he has had time to reflect will he tell the House how he would fill the gap of billions of pounds in his own proposals?

Mr. Cameron: I wondered how long we would go before we got to the Whips' read-out question. I have to say to anyone else contemplating the Whips' read-out question that there is only one black hole in British politics, and that is the gap where the Prime Minister's credibility used to be.

We have been briefed—[HON. MEMBERS: "More."] Anyone?

Mr. Mark Hendrick (Preston) (Lab/Co-op) *rose—*

Mr. Cameron: Sir.

Mr. Hendrick: I thank the right hon. Gentleman for giving way. On the question of change, if this House and the other place pass the European reform treaty, will he—if there ever is a future Conservative Government—put that to a referendum?

Mr. Cameron: We want a referendum now, and the hon. Gentleman can help us. He and every one of his colleagues at the last election promised a referendum. If he can stick to his promise and vote with us in the Division Lobby, we can have the referendum that he promised his constituents.

We have been told—the Prime Minister, having said that he would not brief the media, has briefed the media—that the one thing that would be in the Prime Minister's speech today was the right for anyone with children to request flexible working. Yet again, that is something that we announced, at our conference last year. Yet again, we are leading and they are following. A member of the Prime Minister's own Cabinet said the other week:

"We've had Downing Street on the phone asking us to do statements when we haven't really got anything to say."

No wonder the Prime Minister did not want an election. Listen to what a Labour party spokesman said recently:

"The manifesto was thin. The Labour 'war book' for the election was empty. The truth is, we have no new policies...The fact is that if we had called the election, we were intellectually as well as financially bankrupt."

One cannot put it better than the Prime Minister's good friend and old Cabinet colleague, Lord Falconer. He said that if this Government do not

"set out...our vision for the future of the UK...then we will be offering drift not leadership, and the past not the future."

I could not have put it better myself. No wonder he is not getting his pension.

We now see a Prime Minister bereft of vision, bending with the wind, buffeted by events. There is day after day of dithering. One minute, school surpluses are going to be confiscated; then, they are not. One minute, bins are going to be taxed; then, they are not—then again, perhaps they are. Entrepreneurs are going to pay capital gains tax; no, they are not. Look at the small print—they still are going to pay capital gains tax. Then, the biggest U-turn of all, with the Prime Minister inviting a hand-picked journalist into the bunker of No. 10 Downing street to tell the nation that the general election that he had planned for, prepared for and paid for was off. Say what you like about Tony Blair—at least he was decisive. Has not the only change been to swap a strong Prime Minister for a weak one?

This lack of vision, this weakness, would not matter so much if the Government were halfway competent, but this is a Government who are letting 2,000 prisoners out of jail early every month. This is a Government who allowed 8,000 people to die from hospital infections. This is a Government who somehow lost track of 300,000 migrants inside a week, so we were all pretty astonished to read from one of the Prime Minister's spin doctors in a Sunday paper:

"We've established our competence at running the country".

Hold on a minute—these are the people whose own laboratory caused the outbreak of foot and mouth. These are the people who have seen the first run on a British bank for 140 years. These are the people who cannot tell us from one day to the next how many migrant workers there are in the UK.

If we want just one example of the absolute bankruptcy of this Government, let us take the slogan that the Prime Minister wheels out every week: British jobs for British workers. Yes, if only he could see how embarrassed his Labour MPs are, how they shudder when he utters those words. I have done a bit of work on this little slogan of the Prime Minister's. The Secretary of State for Work and Pensions told us that there should be no doubt. It is, he said,

"explicitly a British jobs for British people campaign".

We asked the House of Commons Library, and it said:

"There is apparently nothing in the detail of the proposals to suggest that foreign nationals will be excluded from any of the initiatives if they happen to live in the area where the locally based schemes operate."

So there we have it: the reality is that the Prime Minister has no intention of providing British jobs for British workers, because he knows that it would be illegal under EU law. His proposals will not help British people working in Britain any more than they will help Italian people working in Britain or Polish people working in Britain. That is the truth about British jobs for British workers. I did a bit more research to find out where he got his slogans from: he borrowed one off the National Front; he borrowed another off the British National party. Where was his moral compass when he was doing that?

[Mr. Cameron]

I will tell the House what should have been in the Queen's Speech. In this new age of freedom, we need to give people more opportunity and power over their lives. That means a supply-side revolution in our schools; cutting stamp duty to help people on to the housing ladder; and more power for local government. In this age of unease, we need to strengthen families and make our society more responsible. That means ending the couple penalty in the benefits system; backing marriage in the tax system; and radical welfare to get people off benefits and into work. In this age of new insecurity, we need to make our country safer and greener. That means proper prison reform; it means real police reform. That is what Britain needs: solving long-term problems, not short-term political tricks; a clear vision for the future, instead of a tired and cynical Prime Minister who has forgotten what he is trying to achieve; and consistent, strong leadership, instead of a weak Prime Minister who cannot stick to anything for longer than five minutes. That is the change that people want, and that is the change that our party will deliver.

3.31 pm

The Prime Minister (Mr. Gordon Brown): I am sure that the whole House will wish to send, as the Leader of the Opposition did, our condolences to the families and friends of the four firemen who tragically lost their lives over the weekend. Being in the fire service means that they never know what moment they will be called upon for extraordinary and heroic action, and the British people are privileged to have been served by firemen who showed such courage and dedication.

Let us also remember all those who serve our country as members of our armed forces in every theatre around the world and thank them for their dedication, service and courage, too.

It has become a noble tradition to remember Members who have served the House and who have died during the year, and I am sure that all Members will also want to join the Leader of the Opposition in remembering Piara Khabra. He was Member of Parliament for Ealing, Southall from 1992 until his death, and his life was an extraordinary journey that began in abject poverty in India, led him as a young man to enlist in the fight against fascism, volunteering in the Indian army, then to work as a teacher in London and then as a councillor and to live on to become the oldest Member of the House of Commons. It was his experience of poverty in India that made it his lifelong work to fight injustice wherever and whenever he found it.

For too many Members on both sides of the House these days, a large public meeting tends to be in single figures of attendees. Indeed, I recollect, with embarrassment and some humility, my first public meeting as an MP in 1983. I had just one attendee and a chairman who wanted to go off to another meeting. But such was the measure of Piara's popularity and organisation that when Piara Khabra invited someone to his constituency to address a meeting, hundreds—indeed, on one occasion, thousands—turned out. He was a good man. He served his community and his country well. He graced the House with his presence. His life was a life well lived in the service of others. [Hon. Members: "Hear, hear."]

I want also to thank the proposer and seconder of the motion today. It was said of Lord Roseberry, when he was a member of the Government in the 19th century, that when a Cabinet meeting clashed with a race meeting, he always chose the race meeting. My right hon. Friend the Member for Sheffield, Central (Mr. Caborn) has managed to find a better way of enjoying both sport and politics, as he served as Sports Minister and is now the ambassador to the 2018 World cup.

The Leader of the Opposition reminded the House of the less than auspicious start of my right hon. Friend when he was asked five questions on Radio 5 in 2001. In fact, in the same month in 2001, he was joined in another less than auspicious start: that of the former Foreign Secretary, my right hon. Friend the Secretary of State for Justice and Lord Chancellor. He went out on that occasion to address the press after his first European Council, and he started his press conference by saying how pleased he was to be in Brussels. It was pointed out to him that he was actually in Luxembourg. Both Ministers went on to enjoy long and distinguished service and continue to do so. It just shows that a few difficult headlines in a new job can be safely overcome.

My right hon. Friend the Member for Sheffield, Central and I have a great deal in common, though we are from different parts of the country. We have teetotal temperance and Presbyterian families. We also share a love of football. He rightly reminded me of England beating Scotland 9-3 in 1961. That result was so humiliating for the Scottish people that the Scottish goalkeeper emigrated to Australia. Even 30 years later, when he asked whether it was safe to come home to Scotland, he was told "No." He ended his career as a cabaret singer down under. Let me thank my right hon. Friend for his tireless work, together with Tony Blair and my right hon. Friend the Member for Dulwich and West Norwood (Tessa Jowell), to secure the Olympics for Britain, and for the work that he is now doing to ensure that the next decade can be one of the great sporting decades for our country. There is not just the Olympics in 2012, but possibly the Commonwealth games in 2014, the Rugby world cup in 2015, and the football World cup in 2018. We will owe him a great debt of gratitude for his work in achieving those great sporting events.

Having heard my hon. Friend the Member for Brent, South (Ms Butler) speak, I can understand why she was described in one journal as the most promising feminist under 35. I understand that she organised her first sit-in at the age of 11. She set up a homework club, which she ran, in her teens. She also ran an after-school club from her father's van. Her popularity and success is built on her effectiveness as an organiser and as a constituency MP, and not least on her passion, which she talked about today, for building better youth facilities for teenagers. I believe that she has that rare gift of empathy and approachability that makes politics more accessible and attractive to the young people whom she talked about. Her very success, not only here today but in her career, explains why we must continue in the ongoing struggle to make this House truly reflect all the people whom we represent. Having heard her speech, I was struck by how much further we still have to go. This morning, I asked someone in Downing

street to check this, and my memory was right: when I was elected in 1983, there were 59 male Members of Parliament named John, 30 male MPs called David, and only 23 women MPs. Even now, we have a long way to go to improve representation and improve the facilities here for parents and children. She spoke with passion today, and I am confident, on the basis of what she has said, that she has a great deal to contribute, not just to our future debates, but to the future of our country.

I will deal with all the specific issues raised by the Leader of the Opposition as I go through the legislative programme, but I must say that he may have been good on jokes, but he was pretty bad on policy. When he tried to claim credit for flexible working being his idea, I quickly checked up on the facts. He voted against maternity leave, he voted against paternity pay, and initially he voted against the first right to flexible working in this House.

The Queen's Speech refers to the Climate Change Bill, which makes us the first Government in the world to impose legally binding targets for a sustainable environment. The Leader of the Opposition wishes to say that the measures in the Queen's Speech are simply short-term. The Climate Change Bill is a transformatory act, and we are the first country in the world that will legislate in that way. On energy, housing, pensions, education, work-life balance, citizenship and anti-terrorism measures, the central purpose of the legislative programme is to make the right long-term changes to prepare and equip our country for the future, and to meet the rising aspirations of the British people. I will tell the right hon. Gentleman the point of what we are doing, and the point of the Government. To ensure that all our young people have the skills that we need to compete in the global marketplace, we are proposing the first legislative Bill in 60 years to raise the education leaving age in this country. Two million teenagers a year will benefit, and I hope that all parties will share that ambition with us when it comes to the votes.

Angus Robertson (Moray) (SNP): That proposal, like many others in the Queen's Speech, is an English-only matter. Does not the Prime Minister agree that it is completely iniquitous that although English MPs are not able to decide on matters in Scotland, Scottish MPs from the UK parties vote on matters that affect only England? Why does he not join the Scottish National party in abstaining on such issues?

The Prime Minister: I just want to remind the hon. Gentleman that only a third of the people of Scotland voted for separation or for a separative party. There is no support for his position, and I was surprised to hear the Leader of the Opposition say that he now supported English votes for English laws. Indeed, his tutor at university has just written an article saying how ludicrous a constitutional proposition that is. Some time, the Conservative party must realise that there can be only one Chamber to which the Executive is responsible. It can be either a Grand Committee or the Chamber of the House of Commons, but we cannot have two sources of authority in a legislature if it is to survive. Both the Scottish National party's policies of separation and the anti-unionist sentiment of what used to be the Conservative and Unionist party are something that people in the country do not wish to support.

Simon Hughes (North Southwark and Bermondsey) (LD): May I ask the Prime Minister to follow up his comment about young people's aspirations? One of the things to which most young people—and, indeed, most families—aspire is a home of their own at a price they can afford. After 10 years of singular failure to deliver affordable housing—and almost no council housing—will the Prime Minister's housing Bill make sure that every council in England can build the amount of council housing that it wants to build?

The Prime Minister: There are 1.5 million more home owners in this country as a result of what we have done. Millions of houses have been repaired and renovated as a result of the money that we have spent. Yes, I want more home ownership and more social housing. The hon. Gentleman will see in the later part of my speech that we will build 50 per cent. more social homes in the next few years. That is something that we can afford, as against the Liberal party's totally unaffordable policies. We agree with the Liberal party about the importance of home ownership, but I was surprised to read the statement made only a few months ago by the hon. Member for Welwyn Hatfield (Grant Shapps), a Conservative spokesman on housing, that we cannot build our way out of our housing problems. A housing spokesman who says that we should not build houses is a contradiction in terms, and I hope that when we come to that part of the debate, the leader of the Conservative party can explain his position.

To give adults a second chance to acquire skills, we will legislate for a universal right, free of charge, to learn basic and intermediate skills. This is the first time ever that a Government have legislated to do so, so that those who want a second chance can have one for the first time. To ensure that all employers meet their obligation to the work force, we will legislate—again, for the first time in this country—to provide a pension for every employee with a matching contribution from their employer. I hope that there will be all-party support and consensus on this, as it is something that many people regard as essential that we should decide together for our future.

Sir John Butterfill (Bournemouth, West) (Con): I was very interested to hear about that proposal, but will the right hon. Gentleman clarify something? If someone has a corner shop, and employs a shop assistant, will the proprietor be obliged to set up a pension scheme for that shop assistant?

The Prime Minister: There will be special arrangements for small businesses, but the principle behind the provision is, first, the automatic enrolment of people in pension schemes and, secondly, the requirement for employers to make a contribution. I hope that the Conservative party, which said a year ago that it supported the pensions legislation, will not resile, as it has suggested in the newspapers today, from supporting it in future. Again, the Leader of the Opposition was virtually silent on the future of pensions.

[The Prime Minister]

To help families who work hard to meet their responsibilities to young children in a world where two parents going to work should not mean the sacrifice of family life, we will build on paternity and maternity leave. We will set up a review to determine how to extend the right to request flexible working, not just to the parents of younger children but to the parents of older children as well. To increase protection for vulnerable workers, we will legislate to strengthen the enforcement of the national minimum wage and sanctions against failure to pay it so that every employer meets their obligations to provide decent pay, as we tackle exploitation of the work force.

Public transport matters to millions of people. To improve bus services, which remain a lifeline in many communities, we will legislate to end the free-for-all that left the passenger and the public behind. We will give local authorities more control over the availability, frequency and reliability of bus services. Alongside that, for the first time there will be free national bus travel for pensioners and the disabled from April 2008.

We have already talked about the needs of young people in our communities. To ensure that young people in our communities have somewhere to go, for the first time we will legislate to enable the transfer of unclaimed assets of financial institutions to pay for youth centres, among other improvements, in every community in the country.

We will match the Climate Change Bill, with an energy Bill. We will also legislate to ensure sustainable and secure energy for the long-term future of our country.

The first duty of the Government is stability, security and the defence of the country, so the anti-terrorism Bill contained within this programme will address the continuing threat of extremists in a way that continues the measured response that we have taken to the terrorist events of June last year. We will publish a national security strategy and, reflecting the statement of the director general of MI5 yesterday and the broad consensus that a security response alone is not sufficient to meet those threats, we will publish new proposals for winning the battle of hearts and minds.

Whether in relation to terrorism, immigration or the continuing evolution of the rights and responsibilities of the individual, the need to define British citizenship more clearly is evident. The importance of that is such that in advance of publishing our draft citizenship Bill, we will make a prior statement setting out our proposals for consultation and debate.

Foreign and defence affairs will be the subject of later debate on this Queen's Speech, but ahead of that I can confirm to the House—the Leader of the Opposition asked me about this—that as our forces move to an overwatch role, provincial Iraqi control will be established in the Basra provinces in the next month.

In the coming weeks, I will make a statement to the House about Afghanistan, about our 8,000 troops who are there, about the efforts at reconciliation and conflict resolution and about our proposals for development, which the Leader of the Opposition rightly mentioned—we are discussing those issues at the moment. As I have said, our troops and our armed forces continue to serve the country with distinction and with courage.

As recent events have unfolded in Pakistan, we have strongly urged the restoration of constitutional order and a commitment from the Government of Pakistan that elections will be held on schedule in January. We have also called, as I believe that all hon. Members want us to do, for the release of political prisoners and for the freedom of the media to be respected.

We continue to support further sanctions against Iran—again, I was asked that question—if the regime does not comply with its obligations under the non-proliferation treaty.

We should not lose sight of an historic opportunity in the coming weeks—the challenge for the international community at the Bali conference to begin the process of establishing a post-2012 international agreement, which could make the difference between our ability to tackle climate change internationally and a failure to do so. The Secretary of State for Environment, Food and Rural Affairs will argue for common but differentiated responsibilities in which every country and every continent must play their part. Our success in advocating action on the international stage depends also on action at home, so we will be the first country to put legal limits on carbon emissions. We will ask the new independent committee on climate change to advise us whether the proposed 60 per cent. reduction by 2050, which is—

Mr. Speaker: Order. There are so many private conversations going on in the Chamber. That is clearly unfair, and it is not the proper thing to do in the Chamber.

The Prime Minister: I understand who wants to listen to the discussion about the serious issues facing our country.

As part of meeting our target on renewables, I can announce that today we have granted consent for a 450 MW wind farm in the Irish sea. That brings our new capacity offshore to 2.5 GW authorised in only 12 months. We have already announced a feasibility assessment of the Severn barrage, which could provide almost 5 per cent. of current UK electricity demand.

Our draft marine Bill will balance the needs of the environment with the development of the coastline. For all their warm words on the environment, let us not forget that the Conservatives opposed the climate change levy and the renewable obligation, and they oppose wind turbine projects all around the country.

I also have announcements to make about measures that arise from the housing and planning Bills. I can confirm that we plan to build the first new towns for nearly half a century, and we will require their design to reflect both the needs of the residents and the need for environmental sustainability. Right across the country, more than 50 applications for such towns have now been received; we will select 10, with a potential for 100,000 new homes.

A consensus is growing that we should build 240,000 houses by 2016, and in the decade to follow 1 million carbon-free homes. Today we are publishing the updated list of 170 organisations—including the CBI, major house builders, planners, local authorities,

charities and environmental groups—that have signed up to this goal, which I hope will soon have all-party support. Some 78 local authorities have already applied to be designated as new growth points for housing; they have the potential to deliver 450,000 new homes. We are now assessing more than 900 public sector sites to deliver 200,000 homes on public sector land. Our aim is that half the homes on surplus public sector sites will be designated for social rent, for first-time buyers and for key workers. By raising spending on affordable homes to at least £8 billion between now and 2011, we will deliver 180,000 new affordable homes—25,000 a year with shared equity and at least 45,000 new social homes a year. As I said, that is a 50 per cent. increase in building.

The Conservative party should face up to its responsibilities on housing. I quoted the Conservative party's shadow housing spokesman, who said:

"You cannot build your way out of"

housing problems. Then the shadow culture spokesman, an Oxfordshire MP, did an interview on housing in his constituency. He said:

"I'm not opposed to housing per se but...I want all the housing to go into Andrew Smith's constituency in Oxford East".

Then, of course, there is the Leader of the Opposition:

"We must be on the side of the next generation. If we are to be the party of aspiration, we must be on the side of aspiration and that means building more houses and flats for young people"—

that was 4 October 2006. On 23 October 2006:

"We need to change the planning rules so that...fewer homes designed for young single people"

are built. Confused, contradictory and not thought through—that is the policy of the Leader of the Opposition on housing.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): With regard to social housing, will the Prime Minister sanction the release of capital receipts to local authorities?

The Prime Minister: I have to say that the change in the process of capital receipts happened in 1997 or 1998. I know that the hon. Gentleman spends a great deal of time out of the House, but I wonder where he has been. We will continue to provide the funds for local authorities and others to be involved in improving houses, and we are going to bring local authorities, with others, into the process of building.

I want to talk about the raising of the education leaving age, following the raising of the school leaving age, on which the last piece of legislation was the Education Act 1944, supported by all parties. That raised the leaving age to 15 and then to 16. Now we propose that we raise the education leaving age—that includes part-time as well as full-time education and training—and that education and training should be available free from the age of three to 18.

As skills demands go even higher, I believe that our country needs those academic and vocational skills. I believe that we need to give every young person a path to a career. To those who say that more will inevitably mean worse, let us reply that other countries, including America, Australia, Korea and Taiwan, are already moving beyond 50 per cent. in higher education. In Britain, only 14 per cent. from low-income backgrounds are in higher education today. We must make sure that we now remove all the barriers, in the interests of the global economy, to opportunity in our society. So we are establishing the right of parents to request one-to-one help for any child falling behind in reading and writing; we are establishing the right for secondary pupils to have a tutor of studies; we are changing the grants system and giving equivalent help to apprentices. That is on top of the 39,000 more teachers, the 170,000 more support staff, the 100,000 more teaching assistants and the thousands of schools repaired and modernised since 1997.

Again, I have to ask: where are the Opposition on this? The Leader of the Opposition said little about education. In June, the then shadow Education Secretary said that he was sceptical about the principle of free universal education. At no point have the Opposition committed to our ambition of half of young people having the opportunity to attend university. At no point, under the new shadow Children Minister, have they supported our academic and vocational diplomas, dismissing them last week as "fantasy qualifications" and as "undermining academic excellence". Why can they not support diplomas in the way that the CBI, universities, employers and businesses all over the country are wanting to build them up?

Why can the Opposition not support the right to full-time training or education up to the age of 18? Why did the shadow Children Minister say yesterday that raising the education leaving age was "a stunt", when the principle was supported by the CBI, the Engineering Employers Federation, the chairman of the Federation of Small Businesses and the chambers of commerce? Why can the Opposition not give full support to a minimum one day a week of training for 16 to 18-year-olds in work? Why can they not give support to education maintenance allowances for young people to stay on at school? Why can they not support the doubling of apprenticeships and 50 per cent. of young people going to university?

It is no surprise that the Opposition cannot do it, because the Leader of the Opposition flunked the test when it came to his clause IV moment on grammar schools. When his education spokesman said that "serious reform" was needed so that thousands of children could do better, he did not support his spokesman and change the party—he sacked his spokesman and gave in to the party and rejected reform. Why can the Conservative party not support education for all instead of education for a few?

The Leader of the Opposition said little about law and order. Let me say that drugs destroy communities; that is why, alongside the extension of neighbourhood policing to every community, and alongside the consideration now being given to reclassifying cannabis, we will strengthen in the legislation the policies to act against the dealing of drugs. There will be new powers to close crack houses and tackle premises at the centre of disorder, and we will publish a new drugs strategy at the beginning of the year. We have focused action, since the events of last summer, on the four cities where two thirds of deaths that arise from gun crime occur. We have put in place additional police patrols, extensive undercover work, more use of stop and search, weapon detection equipment, and getting more young people out of gangs. At the same

[The Prime Minister]

time, we will legislate new orders against violent offenders, and we stand ready to introduce legislation as a result of the Flanagan review.

We are going to improve the framework for the sentencing of young people and strengthen provisions on antisocial behaviour. However, as my hon. Friend the Member for Brent, South said, part of the mistrust that still afflicts communities reflects the fact that many of these communities lack places for teenagers to go. We have created 1,500 children's centres and rebuilt 1,100 schools, but many of us will know from our own constituency experience that we must use the unclaimed assets to provide appropriate facilities and activities for teenagers in our constituencies, and we will consult young people on those facilities.

Mr. John Redwood (Wokingham) (Con) *rose—*

The Prime Minister: Let me hear the authentic voice of the Conservative party.

Mr. Redwood: The Prime Minister, as always, is all charm. Could he tell the House why we should believe that this set of proposals to deal with antisocial behaviour will work, when 10 years of criminal justice Bills and proposals from his side of the House have singularly failed?

The Prime Minister: Because crime is down by 30 per cent., burglary is down by 50 per cent., and there are more police officers in our communities than ever before. If we had taken the advice of the No Turning Back group, we would be cutting £30 billion out of public expenditure to pay for tax cuts, and we would be having to cut the police forces in our country.

I want to say something about the economic situation. In the face of continuing financial turbulence around the world, the legislative programme also includes measures to ensure that we maintain economic stability. We will act to replace the current savers' compensation scheme that has been in place since 1982. It used to guarantee only 90 per cent. of bank deposits up to £35,000; we are now consulting on guaranteeing, for the first time, up to 100 per cent. of the deposits of individual savers in banks and building societies, up to a specified limit, as we build on measures that have brought us 10 years of growth, free of recession—something never achieved by the Conservative party.

We have had the longest period of economic growth and stability in British history, and inflation has been brought down to 1.8 per cent—within our target of 2 per cent. Just as we have had to deal with turbulence after the Asian crisis, the IT bubble, the US recession and the trebling of oil prices, so our strong economic framework is designed to continue to maintain stability and growth now and in the future. We are determined never to return to the old days of the early 1990s: unaffordable tax cuts, spending promises that could not be met, resultant inflation, 15 per cent. interest rates and the worst recession since the war. The Leader of the Opposition may remember that. He was pictured side by side with Lord Lamont on Black Wednesday. Even on that day—the worst day in financial history since the war—he could not resist a photo opportunity.

I listened to the Leader of the Opposition and I heard very little policy on the big issues. *[Interruption.]* Is it not remarkable that the Opposition put an advert in the paper last Thursday setting out the policies that they would follow in government? We checked up, and four of the so-called new policies came from their 2005 manifesto, under the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), who was the leader of the party then, and five of them came from the 2001 manifesto. We knew that the Leader of the Opposition took his jokes from the right hon. Member for Richmond, Yorks (Mr. Hague); he now takes his policies from him.

Where are the Conservatives on the big issues? Have they thought them through?

Mr. Cameron *indicated assent.*

The Prime Minister: Ah! He has. I shall give way to the right hon. Gentleman. Are the Conservatives for a referendum after ratification of the European treaty—yes or no? He said in the advert last week that the Conservatives are committed to a referendum. We know that 47 Tory MPs have demanded a post-ratification referendum, two shadow Ministers have called for one, and of course nine of his shadow Cabinet Ministers voted against a referendum when the question came before Parliament before. Where is he on Europe? Is he for a post-ratification referendum or not? Did he not say in a letter that has been sent out:

"Today, I will give this cast-iron guarantee: If I become Prime Minister, a Conservative government will hold a referendum on any EU treaty—No treaty should be ratified without consulting the British people in a referendum"?

Why does he not say that he is in favour of a post-ratification referendum? Is the answer yes or no? I am happy to give way. [Hon. Members: "Come on!"] He cannot give an answer.

On the energy Bill, where do the Conservatives stand on the big choices on nuclear? Are they for it or against it? They cannot tell us. Their policy is confused, contradictory and not thought through. What do they tell us on health? In their advert, they say that they would stop all closures, even medically agreed ones. But at the same time, they say they want no centrally imposed decisions. What sort of policy is that? It is confused, contradictory and not thought through. They have a housing spokesman who does not want to build houses. What sort of policy is that? They have an education spokesman who is not in favour of opportunity being extended to young people. *[Interruption.]* Their education spokesman has not committed himself to the education leaving age being raised to 18. He has not said that he supports 50 per cent. of young people going to university, or that he supports the new diplomas in any positive way, even though business throughout the country is doing so.

However, does the Conservatives' tax policy not show their real priority? The difference between their inheritance tax policy and ours—*[Interruption.]* They should listen to this. Under their policy, every single year—*[Interruption.]*

Mr. Speaker: Order. Let the Prime Minister speak.

The Prime Minister: The difference between their policy and ours is that under their policy, just over 3,000 of the richest estates in Britain will each get an extra £280,000. That is 3,000 of the richest estates getting £280,000—a modern miracle, the Conservatives' feeding of the 3,000.

Mr. Cameron: I tell you what, look me in the eye and tell me that you were planning to reform inheritance tax before our party conference. Can the Prime Minister look across the Dispatch Box and just say it?

The Prime Minister: The answer is yes—unequivocally yes. Every year—*[Interruption.]*

Mr. Speaker: Order.

The Prime Minister: All the records will show it, under whatever rule they are released under the Freedom of Information Act.

Mr. Cameron *rose—*

The Prime Minister: Let me ask the right hon. Gentleman this question—

Hon. Members: Give way.

Mr. Speaker: Order.

The Prime Minister: I will give way for the right hon. Gentleman to answer this question: is it not true that the difference between our policy and his on inheritance tax is that, under his policy, 3,000 of the richest estates in the country would get a benefit totalling £1 billion? That is an average of five people in each constituency taking the £1 billion that could employ 25,000 teachers and nurses. Is it his policy that 3,000 of the richest people get £1 billion?

Mr. Cameron: The difference between our policy and his—*[Interruption.]*

Mr. Speaker: Order.

Mr. Cameron: The difference between our policy and the Prime Minister's is that we thought of it and he stole it. While we are on a mission in pursuit of the truth, let us try another one on the Prime Minister. Will he look across the Dispatch Box and tell us that he was not looking at the polls when he cancelled the general election?

The Prime Minister: Is it not amazing that, when it comes to real policy and discussing the long-term future of this country, the right hon. Gentleman is not in a position even to join the debate?

Think of it, Mr. Speaker: a modern miracle—the Conservatives' feeding of the 3,000 richest estates in the country £1 billion. Every week, we will ask them why they would spend £1 billion on the 3,000 richest estates in the country every year thus, if the policy went ahead, depriving the country of the chance to employ 25,000 teachers and nurses. What does that tell us about the Conservative party? It is more interested in tax cuts for a very few than in helping millions of people in this country. What does it tell us about the Conservatives' economic competence that they are promising £6 billion in tax cuts with only £500 million of revenue to pay for it? Unaffordable tax cuts, spending promises that cannot be met, risks to stability—the same mistakes they made when they were in government.

On every major issue—Europe, tax, spending, education for a few—the Leader of the Opposition has failed to face up to the big challenges ahead. He is not really for opportunity for all and he is failing to meet the stability test. The Conservatives' unaffordable tax cuts and their threat to stability are too big a risk to this country.

The first law in the world to curb carbon emissions; the biggest educational reform for 60 years; the first universal right for adults to study free of charge; the first new towns for 40 years; building 3 million more homes by 2020; youth centres for every area of the country; progress on health, social care, transport and energy—this is a legislative programme that takes the next step forward for a stronger, fairer Britain, breaking down the barriers to opportunity, meeting the rising aspirations of the British people and ensuring security for all. I commend the Gracious Speech to the House.

4.8 pm

Dr. Vincent Cable (Twickenham) (LD): I start by paying tribute to the dead firemen. Firefighters put their lives on the line every time they go about their duty. The same is true of our servicemen and women, to whom we shall pay proper tribute on Remembrance day this weekend.

May I add my tribute to Piara Khabra? He was not only the first Sikh Member of Parliament but the last Member of the House who served in our forces during the second world war.

I thank the promoter and seconder of the Loyal Address. The right hon. Member for Sheffield, Central (Mr. Caborn) is the ambassador—the tsar—for the 2018 World cup. If he is looking for venues, he need look no further than my constituency of Twickenham. My local football club, Hampton and Richmond, has a regular attendance of 250, but on Saturday it reached the heady heights of the first round of the FA cup. At the team's current rate of progress, it will match Chelsea and Arsenal in 10 years.

May I also thank the hon. Member for Brent, South (Ms Butler)? [Hon. Members: "Where is she?"] She is not here. She is clearly enjoying her stay in Parliament, but I fear that it will be a short one, because she will soon encounter my hon. Friend the Member for Brent, East (Sarah Teather)—soon to become my formidable and popular colleague for Brent, Central—after which she can resume her no doubt valuable career as a trade union official. I also note from her website that the hon. Member for Brent, South describes herself as a spokesman for youth. It is rather nice to feel that somebody is speaking for me.

The Queen's Speech has been long in anticipation. The Prime Minister has been waiting for it for 10 years. He has had a 35-year political career distilling many of the ideas that have come forward today. He postponed the election in order to inject more vision, but the sense of anticlimax is deafening. We have heard little new, no

[Dr. Vincent Cable]

ideas and little vision. Is that really what we were waiting for? I fear that the Prime Minister now cuts a rather sad figure. He was introduced to us a few months ago by his predecessor as the great clunking fist, but the boxing story has gone completely awry. Like a great boxing champion, as he once was, he has somehow made himself unconscious falling over his own bootlaces and is now staggering around the ring, semi-conscious and lost, and hanging on to the ropes. What is certainly absent is any forward movement or new ideas.

Buried in the Queen's Speech is the germ of a big new idea—a grand coalition of ideas between the Conservatives and Labour on policy. The Prime Minister was the author of the Red Book, to which I contributed, and has now written the Queen's Speech in the bluest ink. There are wide areas of policy on which Labour and the Conservatives have exactly the same position. They advocate the same tax policies with the same indifference to widening inequality; they are in the same love affair with the discredited council tax; they are both bidding for the anti-immigrant vote; they are both trying to prove how tough they are on crime by packing prisons with petty criminals, the mentally ill and people with addiction problems; they have both signed up to an energy policy that is centralised and depends on new nuclear power; they are both willing to sacrifice the environment for new airport development; they are both willing to load student tuition fees and top-up fees on to highly indebted students; they both have an obsequious relationship with the Bush Administration, which has led them to support the war in Iraq and new initiatives, such as the star wars programme; and they both sign up to a fundamentally unethical, cynical foreign policy that led them to get together at the beginning of last week for that little jamboree celebrating three decades of corrupt arms dealing with one of the most unsavoury regimes in the world.

Mr. Mike Weir (Angus) (SNP): I am slightly mystified by the hon. Gentleman's lambasting the Labour and Conservative parties, considering the summit that the Liberal Democrats attended in Edinburgh yesterday with those very parties in order to carve up the future of Scotland. Why does one come to this Chamber and say one thing, but say something completely different in Edinburgh?

Dr. Cable: The hon. Gentleman will find that it is the Liberal Democrats who are leading the debate on devolution, as we are on all the issues that I have mentioned and many others, on which we are wholly distinct from those other two parties.

This debate gives us an opportunity to reflect on where the Conservatives are coming from. We heard some perfunctory references to state schools and health in the response to the Queen's Speech, but the Conservatives keep coming back, over and over, to this cluster of issues: Europe, immigration, Scottish Members of Parliament and the politics of identity. Unfortunately, these days, nationalism has to be dressed up in politically correct language, but we all know the message that the Conservatives are trying to get across. We can all hear the dog whistle.

One of those issues, Europe, will be at the centre of the legislative programme. We believe that there should be a referendum on the issue of British membership of the European Union. The details of the treaty are important, but more important is the cumulative effect of three decades of widening and deepening the EU, and the fact that nobody under 50 has had an opportunity to express a view on Europe through the ballot box. We can have as much legislative scrutiny as we wish, but the fact is that, unless the British public are persuaded of the need to sign up to the European project, this issue will continue to poison British politics. That is why we want to go out and campaign for the European Union, and we want the Government to do the same in the context of a referendum.

Lyn Brown (West Ham) (Lab): Is the hon. Gentleman as surprised as I am that we have yet to hear any condemnation from the Leader of the Opposition of the comments about Enoch Powell from the Conservative candidate for Halesowen?

Dr. Cable: I thought that the Conservatives put forward their views in very polite language, but I am afraid that, deep down, the prejudices are all too plain.

The proposed counter-terrorism Bill will be an important piece of legislation. I think that it is the Government's eighth counter-terrorism Bill, which suggests either that the previous seven were not very successful or that the Government are using legislation as a cover for inaction. There is a big, sensitive issue involved here—namely, pre-charge detention. We recognise that there is a delicate balance to be struck between individual civil liberties and collective security. Because this is a delicate issue, it is important that decisions should be driven by evidence and facts. The fact is that, when the Home Secretary recently appeared before the Home Affairs Committee, she acknowledged that no recent case would have been helped by extending the detention period beyond 28 days. If the Government persist with their proposed policy, it will be not merely unnecessary but counter-productive. As we have heard from the noble Lord West in the past few days, people are still actively recruiting to terrorist organisations, and they must not be encouraged. The same argument applies to identity cards, whose introduction the Government are persisting with. They are unnecessary, counter-productive and massively expensive, and they should be abandoned.

We see merit in some of the Government's constitutional proposals. They are rather minor, and they do not address the big constitutional anomaly presented by the first-past-the-post voting system. That is a far bigger constitutional anomaly than the West Lothian question or, for that matter, the Lords question.

Mr. Redwood: A large number of people in England think that the big constitutional anomaly is the poor treatment of England. What is the hon. Gentleman's party going to do about that, given that bogus regionalism in England is extremely unpopular and makes English people feel even less well represented?

Dr. Cable: We recognise that there is a constitutional anomaly, and that it must be dealt with properly and carefully, and in the context of finance. We are the only

party, as far as I am aware, that wants to open up the issue of the Barnett formula and to reconsider whether resources can be better distributed on the basis of need.

We note that the Government have flunked the issue of legislation on party funding. We believe, as do the public, that there must be limits on the amounts of money spent on party politics by political parties between and within election periods. There must be a cap on individual donations, whether from rich individuals or from trade unions, and that must be dealt with on an even-handed basis.

There are other areas in which we have common ground with the Government. We welcome the principle behind the Climate Change Bill. We believe that it could be greatly strengthened by introducing annual targets, and the fact that the Government have recently been backsliding on targets for renewables reinforces the need for that policy to be firmly anchored in legislation.

We are more concerned about the planning Bill, which has the potential to transfer a great deal of power from elected representatives to an unelected quango. Of course, the purpose behind it is to drive through new nuclear power and airport developments—very little to do with planning—and it threatens to undermine completely the checks and balances that have held the planning system together for many years.

The same centralising instincts seem to lie behind the new education Bill—this rather naive belief that we can fundamentally change the behaviour of grown people through compulsion. We are heading now for an absurd situation in which large numbers of adults are clamouring for more education and more retraining, but cannot get it because their local colleges are having their funding taken away, while at the same time the Government are trying to force young people into courses at local colleges that they do not want to attend and are completely unsuited to their circumstances.

The Government's reputation—and particularly the Prime Minister's reputation—ultimately hinges on what happens to the economy. The Prime Minister is quite right that we have had a decade of stable growth. However, as I have warned over several years, that growth is seriously unbalanced by growing private debt linked to an inflated bubble in the housing market. Not just me, but many other people are starting to warn of the dangers. The International Monetary Fund is so warning, as is the chief economist of the Bank of England. Last week, we saw alarming evidence of the rapid rise of repossessions, which is what happens when we have a combination of excessive debt and a slowdown in the economy.

The Government are providing new legislation on the specific issue of deposit protection—the aftermath of the Northern Rock affair. That is a reaction to what happened, but what we now need is some forward thinking about the new threats to the economy. When the Prime Minister first came in as Chancellor, he introduced some visionary legislation—the Bank of England Bill. It served this country very well; I gave my maiden speech in support of it. But the world is now a very different place and we need mechanisms to deal with inflation and deflation in the housing market and to deal with the looming problem of large numbers of people who cannot maintain their mortgages, facing the risk of losing their homes. We need mechanisms to ensure that the Chancellor's homilies about responsible and old-fashioned lending are translated into practice. We are not going to get this while the Government simply hang on, waiting for good news. We need vision, new ideas and fresh thinking, which are totally absent from this Queen's Speech. That is why we shall oppose it.

4.22 pm

Andrew Mackinlay (Thurrock) (Lab): I want to make a few comments about the Gracious Speech. I note the Government's intention to increase the availability of affordable housing, which is one of their priorities. I want to express encouragement in that laudable objective, but also some concern. As MP for Thurrock, I was persuaded that the Government were charged and seized with the idea of building up the Thames Gateway, regenerating brown, fallow and derelict land in that area and producing new affordable homes to rent and to buy, which they saw as a great prize. The emphasis was on planned growth of essential public services commensurate with the increase in housing units.

At the last general election, I was prepared for and, indeed, enthusiastic about the ideas behind the Thames Gateway regeneration and I was proud that the Government had created a Thurrock urban development corporation. However, after some years, I have to tell the Government that there is very little to show for the legislation and policy that they put forward. I am justifiably very irritated. I am irritated because a plethora of Ministers have had some responsibility for this. We have seen numerous quangos with "Thames Gateway" or similar terms in their title. Every week I am invited to what I can refer to only as "junkets"—though they are also called receptions and dinners—by people who claim to be involved in part of the regeneration. I spurn them—there are far too many junkets and receptions in this place anyway—but I am also concerned that such people seem to see receptions, dinners, exhibitions and conferences as a substitute for bricks and mortar. It is not good enough.

The Minister in charge is now on test. The Thames Gateway needs housing units, and it also needs appropriate demonstrable growth in essential public services to meet the increase in housing units. There has been no indication of that happening. If we look at the age profile of my general practitioners, we see that many are old and in single practices. A lot of people were put on quangos—some of whom I did not commend to the Government, but my advice was ignored—who have not been able to produce much. I am getting frustrated, and I will not put up with it.

The Government need to show some dispatch. Ministers have all these buzz words—gateways, stepping-stones, blue-skies policies and so on—and one of them is joined-up government. Their performance in this area is the opposite of joined-up government. The Department has within it—I forget what it is called now—what I used to call the ministry of housing and local government; I am a bit conservative about such things. Whatever the Department is called now—communities or whatever—part of it wants to build up the Thames Gateway with regeneration and so on, while a junior Minister in another part of it is holding

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things up. Apparently, he or she is in charge of approving something called the spatial strategy, the approval of which keeps being pushed back.

I have never coveted being at the Dispatch Box, but I have to say that I could do a better job than some of those who have been doing it for some time. It is now time for a bit of candid speaking. I have never asked to see a Prime Minister before, but I shall ask to see the new Prime Minister if there is not appreciable movement, a reduction in junkets, receptions and dinners and, instead, a manifest regeneration in the Thames Gateway. I have now got that off my chest.

Lembit Öpik (Montgomeryshire) (LD): Does the hon. Gentleman accept that this malaise affects the entire country? Although the matter is in part devolved to the Welsh Assembly, does he agree that we must have a joined-up strategy across the United Kingdom? At the moment, many young families are forced to live in appalling conditions while trying to raise a family, often living in their parents' front room. Is he saying, as I hope he is, that at this point we do not have the luxury of delay? Until we achieve this, we will not fulfil the Government's affordable housing targets.

Andrew Mackinlay: The hon. Gentleman's point is correct, but it also draws attention to one of the problems of our political system—its adversarial, gladiatorial nature. Let us be candid: people in all parties peddle in their own environment resistance to house building, while at the same time deprecating the inadequate housing supply, particularly for young first-time buyers or for rent. Over the years I have mellowed, and I think that our adversarial political system is wrong. It is particularly flawed in this area, and a settlement ought to be reached.

Mr. Desmond Swayne (New Forest, West) (Con): Does the hon. Gentleman agree that the problem is not so much adversarial politics as local communities having lost control over the planning system? Does he agree that if local communities could determine the type of housing, where it should be, what products should be used and what is the right mix, resistance would be much less?

Andrew Mackinlay: The hon. Gentleman's point has some validity. That is why I shall look critically at the Government's proposed planning legislation. I am all for expedition in planning decisions; I am not for cutting out the little man and woman who want to resist the big battalions that have access to this place, such as the British Airports Authority. I remember causing some levity in the Chamber a few years ago when I said that when BAA gets terminal 5 it will want a runway to match it, and then a new terminal to match the runway, and so it goes on; and of course it is true. The big battalions such as BAA are very influential, and get very angry about having to go through planning inquiries. I think that we should safeguard jealously the right of the small pressure group, the cussed, the bloody-minded and the awkward—of whom I hope I am one—to frustrate the big battalions.

That brings me to the question of the border police. Ever since I came to the House to represent a port constituency, I have argued that there should be a proper border police force. I did so long before that view was fashionable, and long before it was adopted by the principal Opposition party. Indeed, I remember one of the party's many leaders opposing the idea when he was a Home Office Minister, although later he changed his mind.

Mr. Redwood: Have the Labour Whips told other Labour Members not to listen to the hon. Gentleman's excellent speech, or do no Labour Members support the Queen's Speech?

Andrew Mackinlay: To be candid, I did not hear the Queen's Speech, because I find it somewhat unnerving and disquieting when people say certain things about the monarchical system and then rush to Buckingham Palace when they are invited there. What they say depends on their audience. I, however, am consistent: I believe in an elected Head of State.

But I digress. As I was saying, I represent a port constituency. The fact is that we need to have—*[Interruption.]* I want to develop my point about the border police, because I think it is important and should at least be put on the record. The case has now been accepted by the Government—

Tony Baldry (Banbury) (Con): On a point of order, Mr. Speaker. Could the monitors in the Palace be checked? I cannot believe that they are working properly, given that not a single Labour Member of Parliament is present other than the hon. Member for Thurrock (Andrew Mackinlay). I cannot recall another occasion on which not a single Back-Bench Labour Member has been present other than the Member who is speaking. How on earth do the Government think they can sustain the debate until 10 pm when no one is here?

Mr. Speaker: The important thing is that the hon. Member for Banbury (Tony Baldry) is here to listen to the hon. Member for Thurrock (Andrew Mackinlay)—and, of course, I am here to chair the proceedings, so everything is fine.

Andrew Mackinlay: I am very much obliged to you, Mr. Speaker. I know that you know where Thurrock and Tilbury are, because you have been kind enough to visit my constituency a number of times.

I could get the Whips in here pretty quickly if I mentioned West Lothian, but I shall hold that in my strategic armoury—my box of weapons—for another time. I want to develop my point about the border police force. What we have not been told is how it will be funded. At present, the principal airports run by BAA are called designated airports, and the chief constables or police authorities where they are situated determine the level of policing and the bill that is presented to BAA. The position is perverse, in that the good council tax payers of Bedfordshire—whom I do not represent—must meet the full bill for the policing of Luton airport. Moreover, I believe that there is a disparity between the cost of police services for Cardiff and one or two other not insignificant airports, and the cost of such services for BAA airports.

Clearly some people have noticed that, and I think we need early disclosure of what will be the role and responsibility of the border police, not just in the

seaports—which is extremely important to me—but in the airports. What will be their interface with the airports? Will they be in addition to or instead of the territorial police forces, and what will be the funding arrangements? There should be parity of police funding throughout the airports and a comparable tariff in the seaports, paid by the port authority or, perhaps, based on the number of container units going through each seaport. In any event, the funding regime needs to be discussed and disclosed at an early stage. BAA has shown that there is a disparity.

It comes back to the use of this place. Lord Stevens, for whom I have the highest regard, is a former commissioner of the Metropolitan police and a distinguished member of the other place. He is chairing the taskforce on the border police, but an invitation to a reception this week that I and other hon. Members received says that he is also now on the board of BAA. I think that there is a potential conflict of interest, and people do not see that. BAA is meeting an enormous policing bill at present and one of its directors is chairing the taskforce.

I remember that when my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett) was the Home Secretary, some Home Secretaries ago, I went on to him about the question of border police. He arranged for me to meet the Home Office police adviser, a delightful man, but a man who was an ex-policeman—he was not from the British Transport police or the Ministry of Defence police; he was from one of the territorial constabularies. Of course, their whole culture is one of opposing specialised police forces. Therefore, we have this bias built into the Home Office in terms of its police advisers, and Lord Stevens, a former commissioner of the Metropolitan police, is a director of BAA and advising the Home Secretary.

I think that there should be greater consultation with Members of Parliament, including those who represent seaports and airports, at an earlier stage. During the summer, I wrote to the Government asking whether I could have access to the people who were drawing up the Bill and I have not had a reply, which I think is damn discourteous, but it is not unusual.

Then there is the whole business of the European treaty. Those hon. Members who have a copy of the Gracious Speech before them may have noticed that the Queen said:

> "Legislation will be brought forward to enable Parliament to approve the European Union Reform Treaty."

Words are important and I think that this will be the first occasion, if the Government really meant that when they were briefing the Queen on what to say this morning, that there will be a Bill that says that this House approves a treaty. All the other legislation hitherto, including the long and tortuous Maastricht legislation, was legislation not to approve a treaty but to give effect in English law to the consequences of a treaty that had already been ratified, which was done under royal prerogative. I wonder whether Her Majesty has got it wrong. I hope that it is not breaking any traditions to say that, but she did say—as we were told, Mr. Speaker got a copy to double check—that there will be legislation to enable Parliament to approve the European reform treaty. I hope that she and the Government are held to that commitment because it will be a parliamentary innovation. In any event, we have been told by the Prime Minister that we will have that, because he wants to strengthen the relationship between the Government, Parliament and people.

Mr. Swayne: Then there will be a necessity for two Bills: one to approve the treaty, as the hon. Gentleman suggests, and another to put the consequences into English law.

Andrew Mackinlay: That may be so. I just welcome the fact that we are going to have a strengthened relationship between Government, Parliament and people. We are told that that may be done by a variety of methods, including Select Committees. I hope that, in good time, before the next Parliament is elected at the next general election, we shall have put in place procedures to ensure that the membership of Select Committees and, more importantly, the appointment of the Chairmen will be far removed from the hand and influence of Ministers. Although people have made noises about that in the past, there has been no indication of any serious movement to this end. However, I hope that that is what is implied both in the Queen's Speech and in what has been said inside and outside this place on other occasions recently.

Sammy Wilson (East Antrim) (DUP): Does the hon. Gentleman not see a certain irony in the fact that the proposal to strengthen the relationship between Government, Parliament and the people comes at the same time that the Prime Minister is resolutely refusing to allow the people to decide on one of the most important constitutional changes, namely, the EU treaty?

Andrew Mackinlay: I have some sympathy with the hon. Gentleman. I say that as someone who is unashamedly not just pro-European, but an enthusiast for the European Union, which I believe has been and is a force for good in terms of commerce, politics, the economy and conflict resolution and minimisation. I also believe that we have to take Parliament and people together. Successive Governments have failed to do that in relation to the EU and its development from the Community and the common market.

There is a case for a referendum on the reaffirmation of our membership of the EU. In my view, the time and the vehicle for that is not now and in respect of the treaty—an amending treaty, as were the others—but between now and say 2012. I am sure that my advice will not be taken unless the arithmetic of this place makes it inevitable. It would focus the minds of men and women, rather like a hanging. It would be make your mind up time. I say this not in a facetious, spiteful or taunting way, but the leader of the Conservative party in particular, as well as his Foreign Affairs spokesman, would then have to say that they supported the UK's membership of the EU for the reasons that I have given: that it is, overall, a net force for good in the world and our membership is in the UK's best interests.

Mr. Nigel Evans (Ribble Valley) (Con): The hon. Gentleman says that the EU has been good for conflict resolution. That has never been the case in the Conservative party, and I suspect he will find the same in his own party. The constitutional treaty is 96 per cent. the same as the constitution, which was rejected

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by the French and the Dutch. Also, a referendum was part of the manifesto on which Labour and the Prime Minister fought the 2005 election. To say to the British people "We've changed our minds" is simply not good enough. The hon. Gentleman must agree with that.

Andrew Mackinlay: The hon. Member for Thurrock did not say that. I remember a Liberal Democrat Supply day when the Conservatives were in office and Paddy Ashdown was the leader. The issue discussed was so important to the House that the place was like the Mary Celeste: nobody was around. The Liberal Democrat motion was that there should be a referendum confirming our membership of the European Union. Like a stick of rock, if you cut me in half, I have "Labour" going right through me, but I sometimes recognise that other parties have a legitimate point of view. I can disclose to the House that there was a one-line Whip. Hardly any Conservative or Labour Members were about and the Liberals were here because they were promoting the debate. I was here as well.

The then Labour Chief Whip, Derek Foster, heard that I was going to support the motion. I told him that I was, as it was a good idea that would get us over a problem. He looked me in the eye and said "Mackinlay, there will be no promotion for you." I said "Come off it, I never supposed that there would be. But if that is the price, so be it." For me, that was a seminal moment in my time in the House.

Mr. Greg Hands (Hammersmith and Fulham) (Con): I am still slightly confused about the hon. Gentleman's position on the treaty. At Foreign Office questions on 9 October, he appeared to support a referendum on the treaty. Is that still the case?

Andrew Mackinlay: I have yet to make up my mind. The hon. Gentleman's question relates to the question from the hon. Member for East Antrim (Sammy Wilson), which was a very good one. If the Leader of the Conservative party were by some miracle made Prime Minister this weekend, held a referendum to confirm the treaty and that referendum was then defeated, what would happen? There would be paralysis for a little while in the European Union and an awful lot of bad blood. Things would be said, but eventually, grudgingly, there would be some form of renegotiation. I suspect—I cannot prove it—that there would be some extra opt-outs and a fig leaf here and there. Prime Minister Cameron would come back and say, "I've done well." Harold Wilson once said—his words were a bit bogus, looking back—"We've had a fundamental renegotiation of our terms of Common Market entry," and Prime Minister Cameron would say the same thing. He would say, "Haven't I done well?", and many people on his side would say, "Yes, you have, but you've got to put the new treaty to a referendum." He would reply, "Come off it. I've done well; I've negotiated. I cannot do that". Of course, the purists would say that there would have to be a referendum.

I invite the House to consider how illogical and absurd this situation is. We could go on having referendum after referendum on a treaty, which is not the way forward. The way forward is to get this treaty, which was intended to deal with the running of the European Union, out of the way, and then to have a reaffirmation referendum in a couple of years' time. Of course, the proposal in question was part of Labour's manifesto. Alas, my fingerprints are not on that manifesto, and I do not recall ever putting such a proposal in my personal manifesto. However, I recognise that the point being made is a legitimate one, and I and others will need to reflect on it in the coming weeks.

Dr. Julian Lewis (New Forest, East) (Con): I hope that the hon. Gentleman accepts that we Conservatives are doing our bit for non-adversarial politics by helping him to deal with the fact that he and one other Back Bencher are the only Government Back-Bench representatives present for this debate. His argument against a referendum on the treaty seems to be that, if it went the "wrong" way, the pro-European treaty people would keep coming back with new treaties for more and more referendums, but that, if it went the "right" way, that would be the end of the matter. Surely there is a certain imbalance in the acceptance or rejection of the result of the people's verdict in this matter.

Andrew Mackinlay: Perhaps because of my inadequacy in describing the situation, the hon. Gentleman has missed the point that I was trying to make. Let me excite him by inviting him to daydream that the current Leader of the Opposition is transposed into the role of Prime Minister, and that, as I said, he fulfils his commitment to holding a referendum on the treaty. If the treaty was rejected, what would happen? Things could not simply be left up in the air. After a period, there would be some further negotiations, and Prime Minister Cameron would come back waving a bit of paper, saying, "I succeeded." However, many of his colleagues would say, "No, you haven't. You've got to put that new agreement to a referendum." That process could go on and on. The way to deal with this logically is to resolve this treaty and then have a vote reaffirming the United Kingdom's membership of the European Union, enshrining in statute that such a vote will take place in the next four to five years.

I got on to this track because of the intervention of my good friend the hon. Member for East Antrim, whose presence reminds me of one other aspect of the Queen's Speech that I want to trespass on: our citizenship legislation. He has a privilege that does not extend to me. He is a citizen of the United Kingdom and has exercised his rights in that regard, but he could, if he so wished, be a citizen of the Irish Republic. *[Interruption.]* I emphasise the word "could". That option is open to him because he was born in Ireland. The hon. Member for East Londonderry (Mr. Campbell) put forward a proposition that I have some sympathy for, and which I want to raise in the citizenship debate. Those born in the Irish Republic after 1949 cannot be British citizens, but those born in Northern Ireland can be citizens of the Irish Republic. I think that that is wrong.

A very few people in the Irish Republic would like to deem themselves British. Given the whole theme and purpose of parity of treatment is now the vogue in relation to Ireland, that should be acknowledged by the

Irish Republic and we should enshrine it in our legislation too. I have noticed how a lot of people like to be given knighthoods and honours by the Queen, and some of them come from the Irish Republic and some of them wrongly describe themselves as "Sir" when their title is just honorary. Some of them are quite rich; some of them sing perhaps. When it comes to patronage, power and titles, they would give their right arms to be British. I do not go along with titles, honours and so on, but that illustrates the absurdity of the situation. If, as increasingly happens, someone is given a title or honour and was born in the Irish Republic after 1949, it is an honorary title. I understand that they do not get the full works in terms of the rubric of the award being given to them.

Mr. Paul Keetch (Hereford) (LD): Will the hon. Gentleman also please acknowledge, which I do not think has been done of the Floor of the House, that there is another distinction for citizens of the Irish Republic? Like Commonwealth members, they are entitled to serve in Her Majesty's armed forces. Regrettably, in current operations, an Irish Republic citizen was killed on operations, fighting for the British Army, and we saw the spectacle of a full British military funeral in Dublin. Although the loss of any member of the armed forces is regrettable, it was nevertheless noticeable that the Irish Government and the Irish people turned out in considerable numbers to respect the death of that very brave young man in his service for this country.

Andrew Mackinlay: Yes, of course. I recognise that absolutely. I did not want to go down this road, but I fully acknowledge both what the hon. Gentleman says and the generosity of the people of the Irish Republic in that case and the change of attitude that prevails in the Irish Republic, demonstrated by the refurbishment of the wonderful memorial at Islandbridge, supported and funded by the Government of the Irish Republic and the recognition of the sacrifice, particularly at this time, made by Irish men and women who served in the British armed forces in the two world wars, all of whom were volunteers. I do not want to trespass too much into that, but I want to make it absolutely clear how the Irish Republic is now approaching these issues and its generosity of spirit.

On the other question of citizenship, I asked a parliamentary question to find out how many voters on the United Kingdom electoral roll are Commonwealth citizens, and I could not be told. This goes back to 1948 and 1949. At the time of the declaration of the Irish Republic, the Attlee Government rightly decided that it would be impractical, unfair, unnecessarily offensive and an administrative nightmare to stop citizens of the new Irish Republic being on the electoral register. I think that we all agree that that was extremely sensible. Then India came into the Commonwealth as a republic. After a small amount of immigration, it was decided that Commonwealth citizens should be able to vote in the United Kingdom and to stand for Parliament. Indeed, they have done so, and as we heard earlier today, they have been distinguished Members of Parliament. In considering citizenship laws, while always encouraging and facilitating dual membership, perhaps we should extend United Kingdom citizenship to people who are here lawfully and have been here for many decades—some of them were born here—but who are Commonwealth citizens. Thereafter we could have an electoral roll, as we go through the decades, that is made up of United Kingdom citizens. That would be sensible.

Mr. Hands: I have been listening very carefully to the hon. Gentleman's argument, but can he tell us exactly what problem he is trying to correct by saying that all those Commonwealth citizens should become UK citizens? Can he tell what the difficulty is?

Andrew Mackinlay: There is no difficulty; I do not want to be misunderstood on that point. However, I invite people to consider the fact that there are not many other countries in the world in which a high proportion of people on the electoral roll are not, strictly speaking, citizens. There is nothing wrong with that, but if people pause and think about it, it probably is a good idea to change the situation. In any event, the Government could not tell me how many people on the electoral roll were in that category.

For clarity's sake, and to ensure that there is no misunderstanding, let me say that I am not in any way suggesting that people who currently vote should be precluded from doing so. I am not suggesting that anyone should lose citizenship of a Commonwealth country of which they are justifiably proud. I am just saying that as we are to have a citizenship review, there is a powerful case for saying that such people should be given British citizenship within a certain period. Thereafter, that would be part of the package that we work with—part of the citizenship package for Commonwealth citizens who come here. There is a degree of logic to that, and I invite the House to reflect on that point. I emphasise the fact that I do not want to take away any existing rights or citizenships; those should endure. I am just conscious of the fact that a review is under way, although the Queen's Speech was regrettably rather barren on detail.

I now come to my final point. The Select Committee on Foreign Affairs has embarked, to some extent at my prompting, on a review of our overseas territories. I think that the House has abdicated its responsibilities to the few thousand people peppered around the globe in the very small, residual, United Kingdom territories. People say, "Well, they have their own legislative councils." Indeed they do, but their Parliament is this Parliament. If our country goes to war, the people of Bermuda, Gibraltar, the Turks and Caicos Islands and the Falkland Islands do not sit it out; they are committed by the actions taken by our Government and Parliament.

There is great disparity in the wealth of our overseas territories. Some are demonstrably wealthy and self-sufficient, although the distribution of that wealth leaves an awful lot to be desired in some places; there are great disparities within those territories. Other territories are dependent on funding from London, and their people are in what you and I would consider to be poverty, Madam Deputy Speaker. They are out of sight and out of mind. The House should put aside some time for the subject, and there should probably be an institutional committee with ongoing oversight of the conduct, stewardship and governance of our overseas territories. At present we are signally failing. That is in

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contrast to other countries: the United States, France, Spain and the Netherlands have the equivalent of overseas territories, but they give them some limited representation in their national legislatures. We are not fulfilling our moral obligations to people in our overseas territories, and it is time that the House did so.

4.58 pm

Mr. John Redwood (Wokingham) (Con): It is a great pity that on today of all days we have lost a sense of occasion. That may be because it is the first time that the Queen's Speech was delivered by the Prime Minister several weeks before Her Majesty gave the speech. It may be because at 11.19 this morning I—and, I think, all right hon. and hon. Members—received a definitive text of the Queen's Speech from a news service, some 12 minutes before Her Majesty started to read it to the Members of the Lords and Commons assembled in the other place. It also reflects the fact that over the past two or three days, Ministers of the Crown have entered into an active debate in the media and in the pages of the newspapers on much of the contents of the Queen's Speech. As a result, right hon. and hon. Members know that to participate today, on the first day of the Queen's Speech debate, is to participate at the end of a rather long debate in the media, conducted while Parliament was not in Session by Ministers, commentators and others. Other right hon. and hon. Members have found it difficult to get into that debate. I hope that the authorities and the Government will reflect on that for the future.

If the Government are serious—and I hope that they are—about wanting to make Parliament the fulcrum of our national political life and the centrepiece of our debate, surely the Chamber is the place where the first clash of argument should take place over the nature of the Queen's Speech, and whether it is wide-ranging enough or deep and profound enough. If that were the case, more Labour Back Benchers would wish to stay for the rest of the debate. For the *Hansard* record, only two Labour Back Benchers spoke in the debate after the speeches by Front-Bench Members, so it can probably be argued that they do not support the speech enough to come here and speak in favour of it, although, doubtless, they will vote for it. It implies, too, that they believe that the debate has already taken place.

Tony Baldry: Is it not a rather sad spectacle that Members such as the hon. Member for Ealing, North (Stephen Pound) should be driven in by the Whips and handed a Whips' brief as they arrive in the Chamber? *[Interruption.]* Indeed, the hon. Gentleman is the Whips' lackey. Doubtless, we will see Government Members driven in one by one to keep the debate running. It is a very sad situation.

Mr. Redwood: It is sad for parliamentary democracy, because one would hope that by and large Government Members support the speech and do so sufficiently to want to speak in favour of it. If the House returned to the notion that the Queen's Speech should remain confidential until the Queen delivered it, that would be a courtesy to Her Majesty, and it might encourage more right hon. and hon. Members to take the debate seriously.

Angus Robertson On the issue of the *Hansard* record, is it not noteworthy that there is not a single Scottish Labour MP in the Chamber? Many measures in the Queen's Speech pertain only to England. Labour Members are not prepared to listen to the debate, yet they are prepared to vote for measures that will impact on English constituencies, which is a very odd state of affairs, is it not?

Mr. Redwood: That is another good point, and it prefigures something that I was going to say. Her Majesty began the Gracious Speech with some extremely good sentences crafted by the Government about the way in which the Government intend to give more power to Parliament and to people. I would find that more credible if the Government had something sensible to say both about engaging people in the question of the European treaty and about Government representation of England. Many Conservative Members believe that the European constitutional treaty is almost identical to the document that was rejected in referendums in countries freer than our own that allowed plebiscites on the issue. I know that the Government disagree—they argue like a rather expensive but not entirely convincing lawyer over a few words at the beginning of the document, although the rest of the words bear a remarkable resemblance to the original document—but it is not just Opposition parties that believe that it is more or less the same document. It is the settled view of most Governments of the European Union, and it is the view of most independent commentators with no party political axe to grind.

The House was elected in 2005, which is not very long ago. Practically every Member in the Chamber was elected on a party manifesto pledge, often backed by a personal manifesto pledge, to vote for a referendum should something like the constitutional treaty reappear. Why, therefore, are the Government shy about putting the issue to the people? They say that they have a great case, and that this is an entirely harmless set of proposals, which will be good for Britain, so why will they not put that case to the British people to show that they are serious? They know that 80 per cent. of the British people think that they ought to have a vote on the matter.

Stephen Pound (Ealing, North) (Lab): I am reluctant to interrupt the right hon. Gentleman's mellifluous flow, but may I assure him that what we said in our election statements in 2005 was not that there would be a referendum if there was "something like" a constitution but that there would if there was a constitutional treaty? What we face is a reform treaty—it is not a new constitution. I rest my case.

Mr. Redwood: I have already dealt with the point. The argument is getting extremely tedious.

David Maclean (Penrith and The Border) (Con) *rose—*

Mr. Redwood: May I just finish this point, and then I will be happy to receive my right hon. Friend's support and encouragement?

The Government do themselves a great disservice. No one outside the House believes them when they claim that it is an entirely different document. That is why there is so little trust in politics and in government.

David Maclean: I am sure that my right hon. Friend and the hon. Member for Ealing, North (Stephen Pound) will have heard that great statesman, Valéry Giscard d'Estaing, when he said that the constitution and the treaty are the same thing. Je repose ma valise.

Madam Deputy Speaker (Sylvia Heal): Order. I remind hon. Members that the debate in this Chamber is conducted in English.

Mr. Redwood: In view of the falling standards in foreign languages, and the falling interest in them, that is extremely wise guidance, Madam Deputy Speaker, which will allow people outside this House to understand my right hon. Friend, who spoke in elegant French as one would expect—although perhaps not in this House.

Mr. Evans: Before my right hon. Friend goes off that point, does he remember the Queen's Speech on 23 November 2004, when it was stated that

"A Bill will be introduced to give effect to the Constitutional Treaty for the European Union, subject to a referendum."?—[*Official Report, House of Lords,* 23 November 2004; Vol. 667, c. 3.]

That was just three years ago.

Mr. Redwood: I think that that was a much better Queen's Speech remark than the Government's position today, and I am grateful to my hon. Friend for reminding the House about it.

My first recommendation on the Queen's Speech is to amend it to include a referendum Bill, because that is the way both to give power to the people on an issue on which they want a voice and to settle the European issue. If the Government are so confident about their position, they should put it to the electoral test, which is the way to start to restore confidence in politics and politicians. Confidence in politics and politicians is damaged by all sorts of things, but it is certainly damaged by the impression formed by many people outside this House that they were offered a referendum that has now been taken from them.

The second big constitutional problem that the Queen's Speech does not address under the excellent rubric of giving power to Parliament and the people is the lack of proper representation of the people of England. There is now devolved government in Scotland, Northern Ireland and Wales that is capable of making decisions over a range of issues on which English MPs can pass no comment or have no influence, whereas Welsh, Northern Irish and Scottish MPs can come here to settle our affairs, which form a lot of the substance of this Queen's Speech. This Queen's Speech is partly a programme for the Union—it includes areas such as foreign affairs and benefits, which run across the whole Union—and it is partly for the people of England, where it deals with issues such as planning, housing and education.

We desperately need a solution to the problem of England. My right hon. Friend the Leader of the Opposition has made the perfectly good suggestion of moving towards more decision making in this House by the body of English MPs, so whatever is settled for Scotland in the Scottish Parliament would be settled here in Westminster by the English MPs of the Westminster Parliament exercising their jurisdiction as English MPs.

Angus Robertson: Is it not fair to acknowledge that the current situation falls far short of the most elegant solution, which is, of course, independence for Scotland and independence for England? In the short term at least, Scottish MPs should do what Scottish National party MPs do at Westminster, which is to abstain on matters that are solely English. That would not answer all the challenges in the long term, but it would address the core anomaly, which unfortunately arises when Scottish Labour MPs vote through matters in England when those matters have no relevance to Scotland.

Mr. Redwood: The hon. Gentleman has made a moderate and sensible point. That is good advice, but I do not think that the Government are about to take it, because the truth is that they often need their Scottish MPs to vote against the interests of England to drive through policies that the body of English MPs on their own would never dream of accepting for our country.

Sammy Wilson: As a staunch Unionist, I find that argument rather disturbing. Although devolution did not apply to Northern Ireland for many years, part of the contract of the Union was that decisions about Northern Ireland were made in this House by people who often represented parties that did not even organise in Northern Ireland. In the absence of devolution in England, does that contract not also apply to people in England in the sense that all hon. Members should make decisions about what happens in this part of the United Kingdom?

Mr. Redwood: The point is that the constitutional argument is moving on. The idea driving Scottish nationalism is to radicalise English voters so that they, too, become Scottish nationalists—by proxy. That is what the Scottish nationalist strategy is all about.

As an English MP who has always in the past defended the Union, I am conscious that the political mood in my country of England is moving rapidly in exactly the direction that the Scottish nationalist party wishes for, as it tries to turn England into a battering ram against the Union. As a result, my right hon. and hon. Friends have reached the point of thinking that unless the problem of Englishness receives some recognition that goes some way towards matching the devolution offered to Scotland and other parts of the Union, that problem will get far worse, and the Scottish nationalists are more likely to get their way. The people of England will, effectively, become advocates of Scottish independence because they will want English independence. That is the process on which we are now embarked.

[Mr. Redwood]

My advice to the Government, who still claim that they want to save the Union, is that they must do a much better job of that now that Scottish nationalists are radicalising English voters. At the very least, the Government should understand that splitting England up, balkanising it into a set of artificial euro-regions, is the very opposite of what is required to deal with the problem of Englishness. Far from making English people happy, some kind of second-best devolved Government in bogus regions—such as, in my case, the south-east, which we cannot define and do not wish to—will make them far angrier. They will say that such changes are a deliberate ploy to stop them being English, and they will be made more English and more anti-Union than if the Government had not gone down the route of trying to split the country up and pretending that creating artificial regions with unsatisfactory degrees of devolved power was some substitute for tackling the problem of England.

So I welcome the proposal of my right hon. Friend the Member for Witney (Mr. Cameron) of English votes for English issues, although I would go a little further, because the movement is rapid and Englishness is on the rise. I certainly like the idea of creating an English structure within the Westminster Parliament; I feel that, because of history, it is the English Parliament as well as the Union Parliament.

My colleagues and I are happy to do both jobs for the same money. I do not want the development of an English movement that wants a large and expensive English Parliament, which would be in other buildings, with other politicians and bureaucrats, producing nothing of value at enormous cost to taxpayers. We can happily do both jobs; we have the plant, the building and the staff. A lot of the business now being conducted by the Union Parliament relates to England; we are saying that there needs to be a different way of handling that business to deal with the problem of England. Otherwise, the Scottish nationalists will win and the Government will look silly. They will discover that in creating a Parliament in Scotland to provide a platform for the Scottish nationalists, they have radicalised not only some Scottish voters, but an awful lot of English voters, and that that will start to pull the Union apart in exactly the way that they said would not happen.

As someone who was sceptical about the devolution proposals when the Government first put them forward, I find that completely unsurprising. I wrote a book entitled "The Death of Britain?", which put forward my view that the Government's constitutional approaches of more powers for Europe, trying to balkanise England into artificial regions and giving lopsided devolution to Scotland, Northern Ireland and Wales combined to make up the best possible way to start pulling the Union apart. It was almost as if the Government were on the payroll of the Scottish nationalist party, because they were doing its work.

Angus Robertson: It is the Scottish National party.

Mr. Redwood: I stand corrected by the hon. Gentleman, who names his party correctly.

I hope that the Government listen carefully to Members from England, who love the Union and our own country as well. I hope that the Government understand that we now need something better to prevent the split of the Union.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I apologise, Madam Deputy Speaker, for coming in late. *[Interruption.]* I was at two meetings, one with a Foreign Office Minister.

I hear what the right hon. Member for Wokingham (Mr. Redwood) is saying. I should say—it may already have been said—that all but three of the Bills in today's Queen's Speech will have an impact north of the border, in Scotland. What kind of commitment do the right hon. Gentleman and his party colleagues have to retaining the Union? If he goes down the road that he has discussed, he will play into the nationalists' hands. In his party's view, political expediency may be the best thing and that might be in favour of an independent Scotland. Is that the case?

Mr. Redwood: I have already set out my case. I have always been a Unionist—I still think that the Union has a lot to offer the peoples of the United Kingdom—but I am warning the Government that they are losing control of the debate because they have set up a lopsided system of devolution which does not suit the people of England. As an English MP, I will have to give voice to the very reasonable concerns of my constituents. I can still do so within the framework of a rebalanced Union, but if the Government ignore all those pleas, that will get more difficult. If they go in exactly the wrong direction and try to force bogus European regions on England, they will accelerate the process of splitting up the Union and make the problem that much worse. I hope that they are listening and understand the force of the argument. After all, they have some English MPs themselves. They do not get quite as many English votes as the Conservative party does, but they get quite a lot, and they will need a lot if they are to have any chance of staying as a large party in the House of Commons. I therefore trust that they will consider it very carefully.

The Government have tried to use this Queen's Speech in the usual crude way that we have come to expect of this new Administration—not so new when one looks at their members, but perhaps new in style. They see their list of proposed legislative measures as a cross between a press release whereby they legislate merely to get an effect or create a story—which means that sometimes they do not bother to put all the legislation through or repeal it before it has even come into effect—and a means of trying to expose differences between themselves and the Opposition which they think will place them in a favourable light. I have a piece of advice for the Prime Minister. He has spent all his life trying to get this job, and I would quite like him to do it well, because it is my country too, and he is my Prime Minister as well as the Labour party's Prime Minister. However, a good Prime Minister does not spend all their time in office thinking about how they can trip up or expose their opponents—they should spend most of it thinking about how they can solve the nation's problems, identifying them correctly and taking the action that only they and their

Government colleagues can take. Obviously, Opposition Members can speak but cannot act; we share the frustrations that Labour Members will remember from their time in opposition. We can have good ideas, but unless the Government adopt them, they do not happen.

Of course, the Government live in a political world, and from time to time they have to give the Opposition a kicking, or try to—that is part of the life of this place, and I am not saying that we should be immune from criticism. However, they would be a better Government, and thought to be so, if they spent a bit more of their time worrying about the problems of the country and how their policies might work in effect and rather less time worrying about what the Opposition's position is on things. The Prime Minister spent quite a lot of his speech trying to find out what my right hon. Friend the Leader of the Opposition thought or said about a number of interesting issues instead of spending time developing the detail behind the Queen's Speech, which he and his colleagues had written, in order to satisfy the House that it would be different from the 10 Queen's Speeches written by his predecessor and would really make a difference to the problems of the country.

Let us look at some of those problems. The Prime Minister says that affordable housing is a very big problem. It is obviously true that a lot of people would like to buy a property but are fairly young or do not have the incomes or savings that enable them to do so as easily as they would like. We notice that under this Government more and more young people live with their parents for rather longer. While I am sure that family life is a wonderful thing, I suspect that it is mainly because of economics—they cannot afford to get a property of their own at the stage in life when their parents or grandparents took it for granted that they would leave the family home and find their own property.

The Government refuse to answer one very simple question. They say that they want more affordable housing, but when I ask Ministers by how much they want house prices to fall for them to then regard housing as being affordable, they will not answer, because they realise that telling all the existing home owners that they are trying to engineer a house price fall would not be very popular. However, if they are not trying to engineer a house price fall, it is difficult to see what they mean when they say that they want housing to be more affordable. It just does not make any sense. We know that there are lots of properties for sale, and it is possible to buy a property if, of course, one has the money.

The difficulty is that the Government's analysis is economically illiterate. They believe that the determinant of house prices is how many new houses are built. Unlike the market for most goods and services, the housing market is mainly driven by second-hand homes. Most of the homes that are bought and sold each year are houses that were built quite a long time ago, and only a marginal amount is made up of new homes that are constructed. It has been a very marginal amount under this Government because not that many homes have been constructed. The Government say that if only they could make a quantum increase in the number of new homes built, they could create a hugely disproportionate effect on the market, leading house prices to fall enough to be affordable. I just do not think they have done the maths. They do not understand the balance between second-hand homes and new ones.

More important, the Government clearly have not understood the first fundamental of how a housing market works in a free enterprise society with a big banking sector, such as the United Kingdom. Thanks to the work of the Prime Minister when he was Chancellor, we have lived through a credit boom and bust. We had several years of massive boom because interest rates were kept extremely low, inviting banks to lend huge sums of money against property, bidding the prices up. In the last three months, we have had a credit bust, which was very visible with a run on a leading mortgage bank, and people now have great difficulty in getting access to the mortgages they might need.

If the Government are serious about wanting people to be able to buy homes, they must first of all look at their lurch from boom to bust in the credit market, and they have to get the credit and mortgage markets going again. Through the Chancellor, they need to have conversations with the Bank of England about why there was such a catastrophe in Britain—worse than anywhere else in the world—over the summer, and about how they can secure sufficient liquidity for the banking system again, with an interest rate structure that makes sense.

During that period, the famous, so-called independent Bank of England has turned out not to be independent at all, as some of us always suspected. It turns out to be part of a tripartite arrangement with the Treasury and the Financial Services Authority. We now know that most of the crucial decisions taken during the summer were either actively taken by the Chancellor and the Treasury, or were heavily influenced or cleared through the Chancellor and the Treasury, illustrating that the Bank was not truly independent.

What do the Government need to do from here? There should be a Bill in the Queen's Speech to introduce proper independence for the Bank of England so that we can pursue a more sensible monetary policy. I am not sure that the Chancellor's interventions during the past few weeks have been at all helpful. It would be good if the Bank of England were to re-establish control over interest rates in the money markets.

All the attention is focused on the monthly deliberations of the Monetary Policy Committee. During the past couple of months, its deliberations have been academic seminars. It has fixed a rate, but it is not the rate at which transactions are taking place. The rate at which transactions are taking place has shot up considerably above the rate recommended by the committee because the Bank has not been doing the other part of its job. It has not been using open market operations, supplying liquidity or getting the banknote issue and the supply and trading of bills right in order to ensure that market rates are in line with Monetary Policy Committee rates. If the Government want to continue to believe in the Monetary Policy Committee, they must learn how monetary policy works so that the committee can once again be the main driving force for

[Mr. Redwood]

interest rates in the economy, not an academic spectator making interesting observations about it.

The Government have to learn that if they want to price people back into the property market, they have to do something about money supply, credit and their mismanagement of the banking system. Promising, or threatening, some increase in the rate of new house building in two, three, five or 10 years' time will not have an impact on the current situation. The numbers are too small in relation to the total number of homes in the economy, and the delay will be such that it will have no immediate impact on the state of the property market today.

I welcome the Government's belief in aspiration. I have always believed that home ownership is the best form of tenure. It is the preferred form—around half the people who do not own their home would like to do so. It is not the other way round: half the people who own their home would not rather rent. People who were in that position could, of course, easily sell their home and rent instead; that would not be a difficulty. I wish the Government well, but I hope they will study carefully what I and others are saying because they are not embarking on a policy in the Queen's Speech that will remedy the lack of affordable housing and the current crisis in the mortgage and housing market.

Mr. Hands: Does my right hon. Friend agree that the Government may inadvertently be exacerbating the problem by setting the artificial 50 per cent. limit for subsidised housing that we have in London under Mayor Livingstone, and that de facto it will reduce the amount of market housing in the supply, which will surely only drive up prices still further?

Mr. Redwood: I agree. Such an artificial target or limit is foolish. I remind the Government that the true aspiration is to own. If one way to promote ownership is encouraging part ownership as a bridging point, so be it; but let us remember that that is not the preferred outcome for people. The preferred outcome is to own the whole thing.

When I was a Minister and trying to switch some homes from rentals in the social sector to shared ownership in docklands, the housing professionals advised me that there was no demand for such things and that people wanted the rented accommodation. However, I insisted and some such properties were constructed. I went to see them when they had been sold; I knocked on the first door, completely at random. A charming lady answered and I asked, "Did you have any problems? Was buying a shared ownership home something you wanted to do?" She replied, "Yes, it's really what I wanted to do. I'm very grateful, but I had a problem—they didn't let me buy a big enough share." That was a wonderful response from my point of view because all the housing experts were with me and, if looks could kill, that poor lady would have been dead. She was a star because she spoke for the community in docklands, which had exactly the same aspirations as my community in Wokingham, and it was good to play a small part in trying to make those dreams come true.

I am sure that the Government want more such dreams to come true, but they must examine housing finance and stop playing silly politics with planning, in the hope of tripping up the Conservatives. They should sort out the existing housing market in a way that satisfies more dreams and ambitions.

Stephen Pound: I appreciate that the right hon. Gentleman is not speaking ex cathedra, but, in his response to the hon. Member for Hammersmith and Fulham (Mr. Hands) on social housing as a proportion of new build in London, thanks to our enlightened Mayor, was he dissociating himself, if not his party, from the policy of including a social housing element in planning, which is the best way—and in many cases the only option that my constituents have—of getting on the housing ladder? Is the right hon. Gentleman for or against that social housing element?

Mr. Redwood: Like my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands), I do not welcome a blanket overall percentage that has to apply to all developments over a certain size. That is neither appropriate nor helpful for getting more housing built and more people into the sort of housing that they want. Within the social component, we need to strengthen the element that gives people a ladder of opportunity to ownership. Part ownership is always better than renting, given people's preferences.

The Gracious Speech tells us that the Government wish to raise the school leaving age to 18. Indeed, the Prime Minister started to say that but corrected himself and said the "education leaving age" because he realised that "school leaving age" would put off an awful lot of 16 to 18-year-olds. Many 16 to 18-year-olds would dread having to spend another two years at school. It is difficult to persuade many 14 to 16-year-olds that school is the right place for them. They do not find it relevant, interesting, exciting or worth while. If young people do not believe that something is interesting, relevant, exciting or worth while, they will not do it well and perhaps they will not do it at all. That is the reason for quite high truancy rates and poor performance in some schools in several places in the country. School is not firing young peoples' imagination and it is not what they want. I believe that the Government will rue the day that they took the line of compulsion—telling 16 to 18-year-olds what to do.

I do not normally praise the BBC because I do not often have reason to do that. However, there was a cracking good programme before the Queen's Speech, which gave us the debate that it would have been nice to have here first. A 22-year-old man who left school at 16 had been invited into the studio. From memory, I think that the programme said he had already sold his first business for a large sum of money. He was invited to comment on whether it would have helped him to be told at 16 that instead of leaving school and setting up a business he had to stay on at school, or that he could set up a business but that he would need to go on a training scheme at the same time which would take him away from his business at a critical point in its fortunes. He was wonderful and said, "No, of course it would have been absolutely disastrous."

That young man said that between 14 and 16 he chose to take business studies at school because he

always knew that he wanted to be entrepreneurial. He said that those two years of business studies were off-putting, because all he was taught was how to fill in a VAT form and how to comply with all the regulations that the Government have imposed. He wanted to know about buying and selling, serving customers, providing new products and offering new services, because he was genuinely entrepreneurial. It was all right for that young man, because he was talented and energetic and he broke free. It would be more difficult for people like him if they had to comply with regulations that said they could not concentrate on their businesses entirely but had to do other things in those two formative years between 16 and 18.

That young man's testimony should also lead the Government to ask themselves whether they could improve what is currently on offer in the schools. He is but one, but I have met many young people who do not find the diet served up from 14 to 18 in schools interesting, challenging, exciting or relevant in a way that it needs to be if we are to motivate them and offer them a good future and a good career. Compulsion is not the way. The problem is that the courses do not suit, the style of teaching does not suit and the formal education does not suit.

As someone who did perfectly well out of exams in my youth, I think that there are too many exams. Every summer term is written off by the need to revise, to do the exams and to relax afterwards. There are too many teachers who teach for a test, because they are under the cosh of centralised targets. They know that they have to ensure that the children and the students pass, so they teach only for the test. They no longer educate the children because there is no time for that, because they have to teach exam technique and the minimum number of things that the student needs to get through the test. Because teaching is done in that spirit, the students get wise at loading up the information before the test, downloading it in the test and, when they leave the test room, saying, "That's done; we don't need to know that anymore. Now we go on to the next year's test."

That is not education as it should be understood; it is a testing system based on targets and centralisation, the very thing that dogs the Government in everything that they try to do. They have to let go a bit, trust the teaching profession and the schools more, let people have more choice of school and let 16 to 18-year-olds have more choice. The Government should of course promote apprenticeships and promote the idea that going to university can make sense, but they should not force people to go and they should not set artificial targets.

The Labour party will obviously want to tease out the Conservative position on whether 50 per cent. of all students should go to university. I have a simple answer to that. I would welcome it if 50 per cent. of all school students reached university level. Then I would of course want them to have a university place; but it would be stupid just to say that the top 50 per cent. are going to university anyway, whether they are prepared for it or not. There used to be a rough tariff, whereby if a student could not get two A-levels, they did not go to university. It was not that demanding a tariff—in some cases two grade Es would do it. If there is no longer any general tariff, people can turn up at a university not having mastered level 3 and so not having the intellectual equipment or knowledge that one would expect an undergraduate to have to make a success of university.

I am not speaking as someone being academically picky, but as someone who cares very much about those young people, because the way to make young people unhappy is to put them into something that they are not equipped to do well at. That is why, even with well below 50 per cent. going to university, we already have such a high drop-out rate in some of our universities.

David Maclean: On that point, is it not the case that, when some of our young people are going to university ill equipped for courses that are of no interest to them or that they are not suitable for, we have drop-out rates of 30 to 40 per cent. and that they are dropping out with a £6,000 debt millstone round their necks?

Mr. Redwood: My right hon. Friend is absolutely right. This is the tragedy: these proposals are not good for young people and not good for the system. They have been put forward just to satisfy some stupid ministerial target. People will say, "Haven't we done well, getting this extra number of people to go to university?" The Government will not have done well unless all those people really get something out of going to university and end up with a qualification that they are proud of and, more important, a qualification that will enable them to command a better salary in the market.

Of course, at the top and middle levels of the university system, that still happens. A degree can give people cachet, knowledge and habits of mind that employers find worth while. However, the more that young people are invited into universities without having met that minimum level 3 requirement, the more difficult it will be for the universities to teach them to the required degree standard, and the less value those degrees will have. As my right hon. Friend the Member for Penrith and The Border (David Maclean) said, more people will then drop out with a debt round their neck and absolutely nothing to show for it.

I hope that the Government will understand that they cannot simply legislate to make everyone a graduate. They have to work away at it, and that will require reform in our schools and in our education system generally. I hope that they will be successful in that, because I would like to live in a world in which many more people have the opportunity to gain a high level of education as well as to buy a home and to get a decent job. Those things are, of course, all related in this expensive, complex and technical world.

The problems for health are exactly the same as those for education, including top-down targets and Ministers desperately wanting to do the right thing but ending up doing the wrong thing. The central irony in the Queen's Speech is that the Queen, on advice from the Government, has told us that we are going to have cleaner hospitals. How many times have we heard Ministers promise cleaner hospitals? The Gracious Speech tells us that we shall achieve that by having a new, tougher and more impressive regulator to regulate the hospitals to make sure that they are clean. If the problem at the moment is that standards are not high

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enough and not being policed enough, why do we need to wait a year for another piece of legislation, a new quango, a new chief executive, a new logo and a new set of management consultancy papers? Why can these steps not be taken now? Nobody in the House would mind if the Government just got on with introducing the required standards through the existing mechanisms and making sure that they were met.

The Government have desperately been trying to do that in a top-down way for many months now, and it simply is not working. Perhaps they should ask themselves whether that is the way to run a large national health service, or whether what my right hon. and hon. Friends have been saying about devolving more power, responsibility and authority to hospitals and to clinical and other staff at local level might not make more sense.

I cannot believe that the Government wish to preside over a national health service in which 6,000 people a year die and have a hospital-acquired infection on their death certificate. I have to keep pinching myself to remind myself that that has actually happened. I cannot believe that Ministers find it satisfactory to have to make statements to the House about a hospital group in which 90 people died as a result of hospital-acquired infections. Somehow, because nobody could believe that 90 people could die in the same place in a relatively short space of time, that case has been treated more seriously than the hundreds and thousands of people who are dying month by month and year by year and who are being ignored.

I am sure no one in the House wants such things to happen. We do not want this to be a party political football; we want the problem to be solved. All our constituents need it to be solved. They are now getting worried about even being admitted to an NHS hospital when they are in need or in danger. They are worried that getting something quite moderate sorted out will result in their getting something far worse. There must be a solution, and it does not involve legislation or a new quango. Among the most worrying aspects of the Queen's Speech are the chilling phrases that imply that the problem can wait 15 or 18 months—or however long it takes to get the new legislation through and to set up the new quango—and the Government's naive belief that the new quango will have the magic solution that has so far escaped all the quangos and all the Ministers who have looked at the problem. This is extremely worrying and it sums up exactly what is wrong with the state of the Government today.

I will vote against the Queen's Speech because I see nothing in it to solve the main problems facing the country. I will vote against it because it does not strengthen our democracy; it undermines it further. I will vote against it because it does not tackle the lack of trust in politics; it accentuates it by not offering us a referendum or sorting out the English problem. I will vote against it because I do not think that it contains solutions to the problems in our large public services, and because I do not believe that it truly meets the aspirations of the British people. If the Government believe that they can play silly party political games with those aspirations, they will fail.

5.40 pm

David Wright (Telford) (Lab): I pay tribute to the right hon. Member for Wokingham (Mr. Redwood), who makes a significant contribution whenever he speaks. I seldom agree with him, but it is important to have parliamentarians like him in the House. He gave an excellent and comprehensive speech, even though I did not agree with much of the content.

It is traditional at the start of debate on the Queen's Speech to pay tribute to Members who passed away in the previous year, as well as to talk a little about our armed forces. I would like to break only slightly with that tradition by paying tribute to two local councillors in my area who passed away during the last year. Peggie Harrison passed away in the last few weeks. She was an excellent leader of education on Telford and Wrekin council. She did a great deal to modernise education in the area and was well respected right across the political spectrum. She is a great loss to our community. Councillor Jim Hicks also died a few weeks ago. Jim was a man who served on the county council and the West Mercia police authority. He made a very significant contribution to public life in Telford. I am very sad that we have lost both those councillors.

I also pay tribute to our armed forces. A few weeks ago, I visited a family living in Aqueduct in my constituency. They were supported by an organisation that had provided a dog to help one of their children with hearing and other problems. When I visited the family, I saw a terrible situation. The child had been knocked over and terribly injured on the road. As I talked to the family, I found out that the other son was serving in Iraq. The family has faced enormous pressure over recent months, thinking about their son and having to cope with caring for another family member as well.

I want to pay tribute to every serviceman and woman in the Telford area who is serving our country in Iraq or Afghanistan. I have to say that I did not vote in favour of the Iraq war, but I believe that our service personnel are doing an outstanding job out there and that we now have to stay the course. We cannot set an arbitrary date for withdrawal. We need to ensure that there is stability in the country before we withdraw: pulling out on a single arbitrary date would be wrong; we have to see the job through.

Stephen Pound: Next Sunday morning on the 11th hour of the 11th day of the 11th month, virtually every Member will be at their local war memorial. Does my hon. Friend feel as I do that it would have been good to have within the Queen's Speech some explicit comment about honouring the military covenant? Is he as confident as many in the House that financial stability, underpinned by the Queen's Speech and the Government's actions, provides the best possible avenue for honouring and meeting that military covenant—the debt of honour that we owe to our armed forces?

David Wright: I agree with my hon. Friend. I believe that the Government are supporting the armed forces. It is important to invest heavily in accommodation for the forces and we should also remember that many civilian communities provide support across the country. There is a very significant civilian military presence in Shropshire and I am hoping for some

positive news about moving the regiments back from Germany, preferably into a super-garrison within the county. Shropshire has a strong history of supporting the military and I hope that we continue in that vein over the coming years. I am lucky to have had relatives who served in the King's Shropshire Light Infantry. I have long believed it important to protect the title of some of those old regiments. I am not one who likes the combination of regiments, although the new Mercian Regiment has done some sterling work abroad for our nation in recent months.

It is particularly important to pay tribute to members of the armed forces who are working so hard in Afghanistan. I have been watching the TV series about commando training. Indeed, I was involved in the armed forces parliamentary scheme with the Royal Marines a few years ago. They are doing an amazing job out in Afghanistan, and it is important that we support them in their efforts to bring peace, democracy and security to Afghanistan in the long term. Unfortunately, it is likely to be quite a long term, and I welcome the fact that the Prime Minister said today that he would come to the House and make a statement on Afghanistan in the next week or so, which will allow us to understand exactly how to cope with the pressures out there.

One of the issues of major concern is the permeability of the border between Afghanistan, its provinces and Pakistan. As there is greater instability in Pakistan at present, and greater uncertainty among the international community about the direction of the Pakistan Government, the permeability of its border with Afghanistan might impact on our troops fighting out there. The situation in Pakistan must be resolved, and stability brought back to that country, as that is important for our effort to stabilise and improve the situation in Afghanistan.

I want to touch on a number of areas covered by the Queen's Speech. In particular, I want to refer to affordable housing, and to the opportunities that we need to provide for ordinary hard-working families to secure affordable housing. I was interested in the comments of the right hon. Member for Wokingham on quotas and targets for affordable housing. Having worked for 13 years in housing and regeneration, let me say that target setting is crucial. I welcome the fact that the Government are bringing in concrete targets to develop up to 240,000 homes a year over the next few years. It is extremely important that we do that. I also welcome the attention given in regional spatial strategies to the allocation of new homes to particular constituencies.

I was born in Telford, and I would argue that it is one of the more successful new towns. If we are going to protect areas such as Shropshire, and the broader open space, green space and greenfield sites across it, we must consider more growth and development in towns such as Telford. It is significant that the Queen's Speech contained proposals for new eco-towns and a return to the principle of the garden cities of today and tomorrow—the great post-war achievement of a Labour Government, setting in place a strategy to provide new towns and communities.

Stephen Pound: I apologise for interrupting my hon. Friend, whose contribution to local government housing was recognised for many years in his soubriquet of Demolition Dave. As I understand it, he blew up most of the '60s housing in his area. Anyone who is an admirer of Ebenezer Howard, as I am, will be swift to remind him, however, that new towns started more than 100 years ago; they are not just a post-war achievement.

David Wright: My hon. Friend is right, but most of the enabling legislation to bring in new towns was an achievement of the post-war era. I am proud to say that I was involved in demolishing a significant number of properties in the west midlands that were, in my view, inappropriate for the future needs of communities, and my nickname was Demolition Dave. It is important that we consider an overall approach to taking out system-built properties, which are unsustainable in the long term, and that we redevelop and regenerate communities in a sustainable manner for the future.

I welcome the eco-towns commitment, and look forward to the announcement on where those towns will be. I hope that they will be allied to some existing growth points. I also hope that we will see rapid moves to secure zero-carbon homes. Clearly, the Government have set out an objective to ensure that new housing is built to zero-carbon standards. The eco-town projects give us a real opportunity to see that in action at an early point, and I welcome that move.

The Gracious Speech also proposed a housing and regeneration Bill to aid the delivery of the new homes needed by 2020, and to bring together land and housing through a new homes and communities agency. I have seen the impact that regeneration agencies sponsored by the Government can have in communities. Clearly, the development of Telford was a significant achievement of the development corporation, and we have had significant engagement by English Partnerships over the last few years in providing development sites across the town where mixed development has taken place.

I suggest to the right hon. Member for Wokingham that we need to develop mixed communities containing housing built for rent, sale and shared ownership. Over the last 20 years, the allocation of affordable housing to development sites as a proportion of the overall scheme has often relegated such social housing to a corner of the scheme. We need a system under which rented and shared-ownership housing is built together with housing for sale, so that when we walk down the street we cannot tell the difference between a rented home, an affordable home and a home for sale. Tenure-blind development, as it is called in the trade, enables communities to hold together more successfully.

Improved infrastructure is of key importance. Some of our most positive schemes in Telford, on English Partnerships land and in partnership with the local authority, are in Lightmoor, Lawley and Ketley millennium village, where there are proposals for new schools, restaurants, facilities for communities and centres for leisure and entertainment. We need whole new communities rather than out-of-town peripheral estates. I live on a housing estate that was built in the early 1990s, comprising about 2,000 homes. We have an extensive range of facilities—a post box, a bus stop and a telephone box—which were provided by the outgoing Commission for the New Towns. I hope we do not repeat some of those housing and development mistakes over the coming years. We need to build sustainable communities with a cohesive tenure base.

[David Wright]

We must also establish targets to which local authorities can sign up. We have an opportunity, within the regional spatial strategy structure, to debate the amount of new housing that each local authority area should provide, but it is no good for the Conservatives to say that they will not set an overall target for development. If we are to deliver the homes that families throughout the country need, we require such a target. Over the weekend I discussed the issue with the Opposition's housing spokesman on Radio 4, who was unwilling to place on record his party's target for new house building in England and Wales. We cannot allow that trend to continue. We must hear figures from the Conservatives. I hope they will produce them during the passage of the housing Bill, and as we continue to debate housing.

The Queen's Speech also included education proposals. I believe that we should view education in a different way from the way in which we have viewed it over the past 40 or 50 years. The 14-to-18 agenda is particularly important. I agree with the right hon. Member for Wokingham that we should restructure the school curriculum to engage 14-year-olds. Many young people do not want to sit in a formal classroom environment; they want to be in the local college. I am proud to say that Telford has one of the most successful further education colleges in the country, with a superb principal, Doug Boynton. The college is recognised across the board as an outstanding institution. We have a good partnership with local schools, enabling pupils as young as 14 to enter the college and take courses related to engineering and science. It is important that we continue to promote that arrangement in the coming months and years.

Mr. Russell Brown: For the last two or three years in my constituency, students aged 14 or 15 who become disenchanted with what goes on in the classroom, and who yearn for the day when they can leave school and enter employment have been able to go to the local college to gain first-hand experience of what that would be like. When the time comes for them to leave school at 16, they can progress through the college system far more quickly with the benefit of the hands-on experience that they have gained over a period of 18 to 24 months.

David Wright: That is an excellent example of the way in which we can restructure the curriculum to enable those who tend to detach themselves from a formal classroom setting to be re-energised by experience of further education colleges. I do not think we talk enough about FE colleges in this country. They are often omitted from debate, although they make a significant contribution to our education system.

Mr. Redwood: Does the hon. Gentleman agree that the problem is particularly acute for boys? The gender gap is very great when boys are 16, although it has narrowed or disappeared by the time they reach the final degree stage. It seems that the 14-to-16 curriculum is especially off-putting for boys.

David Wright: I find myself in agreement with the right hon. Gentleman. I think it important, when we do agree, for us to agree across the Chamber. I agree that the 14-to-16 curriculum is a particularly important issue for young boys, and that there is a "switch-off" in that boys tend to achieve more at a later point in their education than girls. That should be accepted in the system. I am not suggesting that we should write off academic achievement for boys aged between 14 and 16, and I am sure that the right hon. Gentleman is not suggesting that either, but we need a mixed curriculum and a range of opportunities.

Tony Baldry: The hon. Gentleman is waxing lyrical about further education. If it is so important, why have the Government not yet worked out which Department is responsible for it? Neither the Department for Children, Schools and Families nor the Department for Innovation, Universities and Skills is taking responsibility. Both recently sent me identical letters saying that they were consulting on which should be the lead Department. It does not say much for the amount of care that the Prime Minister devoted to reorganising Whitehall that further education was completely forgotten.

David Wright: I have met the principal of my local college, who is keen to engage with the Government over the next few months in determining our overall further education strategy.

We should pay tribute to those who work in the sector, and who see further education as an area of growth. Millions of pounds have been invested in the college, which is in the constituency of The Wrekin. We have a sports dome there, and a partnership with the local football club brings young people in and ensures maximum use of education facilities. The football club has a learning centre alongside the pitch, which is run in partnership with the college and with schools. It takes kids out of the school environment when they are aged between 14 and 16 and younger, and inspires them by placing them in a different setting and showing them the opportunities that they can take.

That ties in with the agenda for providing more activity for young people before and after school. Telford has a £200 million Building Schools for the Future programme, which will completely change school premises stock throughout the town. We will have new schools across the secondary sector, many new schools in the primary sector, and some refurbishments of primary and secondary schools. That is particularly important, because it offers us an opportunity to extend school hours beyond 4 or 4.30 pm. When young people feel switched off from activity in their communities, we can use those schools as a resource that we have not had in the past.

We have often said that people should visit youth clubs or community centres in the evenings, and I have always thought it a waste for high-quality school buildings featuring gymnasiums and classroom facilities to be locked up at 4 or 5 pm. We should use those facilities, and the extended school hours, to engage with young people in communities. I hope that one important result of Building Schools for the Future will be schools opening their doors out of hours so that young people have access to learning, leisure and entertainment in a school setting after 4 or 5 pm.

I want to say a little about the climate change legislation. On Friday night I was at an extremely well-attended meeting of Friends of the Earth, along with 30-odd other people. There was real consensus

among the people who were present that the Government are taking significant action in relation to climate change. There was recognition that they are the first Government to attempt to put such legislation on the statute book. Clearly, Friends of the Earth has concerns about how we produce targets. I suggest that, as a minimum, the Executive should report to the House each year on their progress in reducing carbon dioxide emissions, but there are some challenges for the Conservative party. What is its view generally on nuclear power? Is it going to support the extension of the nuclear power programme? I generally do support an increase in nuclear power and the building of a new phase of nuclear power stations as a mechanism to reduce carbon emissions. What is the position of the Conservative party? I think that we need a mix of energy supply—a mix of renewables and nuclear power. I think that we can and should achieve that as a nation.

I notice that within the Gracious Speech there is a proposal to look again at the regulation of bus services. That is a Bill that people will be particularly keen to examine. I attended a meeting with the pensioners forum in Telford last week. Those pensioners were particularly keen for us to regulate the bus service sector better. They were pleased, of course, that they are going to get free off-peak nationwide bus travel. We are proud of that. *[Interruption.]*

Madam Deputy Speaker: Order. There are far too many individual conversations going on in the Chamber.

David Wright: Pensioners in Telford are keen to see an extension of the scheme. They like the off-peak travel scheme that has been introduced across Telford. Significant improvements to bus services in Telford have been put in place by the private sector in partnership with the council. If the private sector is doing a good job in partnership with local authorities, it should be left to get on with that. A large proportion of the buses that are running on routes across Telford are new. We have a red line, blue line and green line service, just to keep the official Opposition and other parties happy. We have a mix of routes. We have a tube-style bus service where people know that a bus will turn up within 10, 12 or 15 minutes on particular routes. That is a good scheme. We are trying to put more support into peripheral routes, particularly in rural areas.

Where local authorities are making a good job of local transport planning and there are quality contracts in place with the private sector, we should allow those contracts to flourish and local authorities to get on. Where that is not being delivered in local areas, we should bring in legislation that forces better regulation in terms of quality contracts for bus services, so that we can move people out of their cars and into buses and improved public transport.

The Queen's Speech encompasses a series of Bills and proposals that will improve family life for people in Telford. We have proposals to increase the amount of affordable housing that is available for families in Telford. We have 5,000 people on the waiting list for rented housing in Telford. We need to see partnership schemes that deliver affordable housing and rented housing in Telford. We have proposals for an extensive modernisation of the school stock, allied with elements that will extend educational opportunities for those aged up to 18. That is significant. We have opportunities to extend school hours—opportunities for schools to stay open beyond 4 or 5 o'clock to engage young people, take them off the streets and replace and replenish youth services that have been run down in the past 20 or so years in our community. Therefore, there are real opportunities for local people to improve their housing, their education and their skills base. I commend the Queen's Speech to the House.

6.3 pm

Mr. Charles Kennedy (Ross, Skye and Lochaber) (LD): Coming in the wake of the rather fanciful circumstances that led to the general election that never was, this is without doubt the Queen's Speech of a rather chastened Prime Minister, and deservedly so. For those of us who have participated in these debates over the years and indeed over the decades, the lack of a sense of occasion is in part a reflection of that fact.

There is no doubt that this is a rather curious Queen's Speech. It is curious for the governing party because it might well have been the Queen's Speech that was never delivered. One can only speculate. The general election could have been held last week. Let us suppose that the governing party were returned, with a smaller, an equivalent or, who knows, even a larger majority. What kind of Queen's Speech might we have been looking at today, or whenever it would have been delivered? There is that slight sense of unreality about the Executive at the moment, given recent events. That permeates rather a lot of the measures that appear—and in certain circumstances, do not appear—in the Queen's Speech today.

I want to refer to two broad points and then make a couple of quick constituency points. First, although one subject has not been greatly discussed today, it continues to cast its shadow across our society and the international stage. Let us look at the context and the wording of the Queen's Speech. Now, thankfully—it is a cause for celebration—Northern Ireland no longer appears in a specific category of its own towards the end. It is now grouped with the Parliaments and Assemblies within the UK. In a sense, it is normal politics at last, thank goodness. However, for Northern Ireland, now read Iraq. I wonder how many more Queen's Speeches will feature the word "Iraq" in the way that this one does.

This week, many of us from all parties will be in our areas with our communities at Remembrance day events, paying tribute to those who have made that ultimate sacrifice. I wonder how many more will lose their lives as the dreadful state of affairs that we have got ourselves into in Iraq persists. Of course, it continues to feed so much of the legislative programme of this Government. Today is not the occasion to get yet again into an argument about the extent to which this country is more at risk from, or is experiencing directly to a greater extent than might otherwise have been the case, international or domestically grown terrorism following our actions on the international stage, but, whether there is a direct causal link between the one and the other, it cannot be denied, as Select Committees and the Joint Intelligence Committee

[Mr. Charles Kennedy]

themselves have observed, that the way in which we chose to act with the United States Government, without the backing of the United Nations, was bound to hasten the degree of danger for this country. Now terrorism legislation is back before us. The 28 days issue will be back before the House again.

I was much involved, as leader of my party at the time, when the Government first tried to make progress on that matter. As we all recall, it became a cause célèbre. There was talk of the House of Lords having to sit all weekend to try to get some agreement. In his usual rather Houdini-like fashion, the then Prime Minister, at the 59th minute of the 11th hour, was able to cobble together a degree of compromise with the then leader of the Conservative party and the issue was put off for another day.

Many of us involved in those discussions, from prime ministerial level downwards, in all parties, felt that there was an awful lot of party political posturing on the issue at that point. The Government are now bringing the matter back and they are saying this time that, although they have indicated an intention and a preference to extend the period of detention without charge, they genuinely want all-party discussions. It cuts both ways. If the Government are genuine about that, equally, Opposition parties that have been critical, our own included, have to say that, if the facts change, they are prepared to change their minds. However, it has to be said—both Liberal Democrats and Conservatives alike are saying this with one voice at the moment—that we have yet to be presented with persuasive facts that would lead either party to change its mind. I hope therefore that, if the Government do feel that they are in possession of those facts, they will go about it on a much more constructive basis and take a more rational approach than they did a year or two ago.

Secondly, I should like to pick up on some of the remarks made by the right hon. Member for Wokingham (Mr. Redwood). We will have lots of opportunity during this Parliament—as every week goes by, it looks as if it will be a longer, rather than a shorter, Parliament—to debate Europe and more domestic UK concerns, not least the position and role of Scottish Members within the UK Parliament post-devolution.

I was my party's spokesman on Europe at the time of Maastricht, when almost a year of my life—a night without end—was spent in this place. I recall the Conservative night-watchmen of the period: Jonathan Aitken, Teddy Taylor, the hon. Member for Stone (Mr. Cash), the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith). The roll of honour goes on and on, as did the nights without end. I always compare it to the passage of the seasons. We began in mid-winter and there was brilliant summer sunshine when the then Prime Minister imposed the three-line Whip to get the legislation through.

I argued at that point for a referendum on Maastricht. Leaving aside the other details, I, as a pro-European, thought that if we were changing the status of Her Majesty the Queen from the sovereign and monarch to a citizen of the European Union, it must have constitutional implications for the country. That should have been put to the vote. Of course it was not.

I have never seen the present constitutional or amending treaty as commanding that kind of necessity. I am critical of the Government for missing the opportunity, under a previous leadership, when they had the ball at their feet; it remains to be seen what the present leadership will do. But they have not gone out and made the case convincingly and persuasively for Europe. Too much of the sceptical, negative case has been allowed to predominate. That is a criticism of those of us on the pro-European side. I am not critical of those who are willing to engage and argue until the cows come home as to their opposition, scepticism and criticism of all things European; that is what democracy is all about. But there has not been a proper counterbalancing argument.

The issue is not really this constitutional treaty any more than it was the Nice treaty or Maastricht. The Government of the country can never satisfy Euro-sceptical ambitions and paranoia; that is what John Major found out, to his immense cost. He fed the monster and the monster kept coming back and eventually devoured him. We are arguing for a root and branch referendum campaign to settle, for another political generation, our relations and involvement with Europe. That is long overdue and this Queen's Speech and amendments that Liberal Democrats will move to it gives us that opportunity.

Mr. Evans: The right hon. Gentleman was keen on a referendum on Maastricht—like him, I remember those long, bitter nights and I still have the scars on my back—but he was right and I was wrong. The important thing about this constitutional treaty is not whether there is a two-and-a-half year revolving presidency or whether we have, in effect, a Foreign Secretary for the whole of Europe. The fact is that the British people were promised in a manifesto in 2005 that they would have a vote in a referendum. All the major European leaders, who think that it is the right thing to say to their peoples, say that 96 per cent. or more of the treaty is exactly the same as the one rejected by the French and the Dutch.

Mr. Kennedy: The hon. Gentleman and I are not particularly at odds over the need at some stage for a proper plebiscite of the British people and, whether on this measure—against which the Government have turned their face—or on the broader front, that engagement will have to take place. When in the privacy of my living room I listen to the leader of the Conservative party on television calling for a referendum, I think to myself that he is calling for the referendum on Europe in much the same way as he called for a general election: demand it, demand it and say one's prayers at night that the Government do not actually concede.

Mr. Redwood: Does the right hon. Gentleman accept that at Maastricht the then Government got an absolutely watertight opt-out from the main point, the single currency? We know that that opt-out works because even this Government have very wisely taken advantage of it. However, this Government do not have an equivalent opt-out from the unpleasant things in the

constitutional treaty. The protocols and the emergency brakes will not work and some 60 vetoes will be given away. That is why we think a referendum is needed.

Mr. Kennedy: Given that a lot of time will be spent on the Floor of the House over the coming months on the details of this matter, I do not want to get drawn too much into the argument. The right hon. Gentleman talks about opt-outs and his concern over the revised treaty. The biggest opt-out on this occasion—it has never appeared before—is the right for an individual member state of the European Union to withdraw and to put in process the mechanisms that would lead to disengagement. Political institutions are only a reflection of the human beings that shape them and there may come a point, for whatever reasons unimaginable now, that what the European Union was pursuing was so inimical or unacceptable to Britain that even people such as me would be saying that it was time to view the exit door. I welcome the fact that that option is there and it should act as a reassurance to those with a more sceptical approach.

The second point concerns the issue of Scottish MPs. I was one of the generation of Scottish MPs who came in in 1983 when Mrs. Thatcher was reigning supreme, the Opposition were divided and disputatious amongst themselves and, on 40 per cent. of the vote, the Conservatives kept winning with three-figure majorities here. Any semblance of devolution for Scotland, Wales or wherever seemed a forlorn hope.

One of those who benefited most from the Conservative ascendancy of those days became Scottish Secretary, fulfilled his ambitions by becoming Defence Secretary and Foreign Secretary and had a glittering career at the top of his party and of Government. The only problem was that the base for that career dissolved beneath his feet and he now represents Kensington and Chelsea. He now makes this singular contribution to improving our constitutional procedures having set his face against anything similar in the years when he was in a position to do something about it. That was despite his earlier resignation from the Conservative Front Bench when he took a rather principled stand when Mrs. Thatcher changed the policy from Ted Heath's days to say no to any devolutionary impulses.

The unwritten British constitution is a bit like a water mattress. If one starts to press down on one bit, there will be an instantaneous but somewhat unpredictable reaction elsewhere. That is where we are at the moment. The right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind), aided and abetted by a few others in the supposedly Conservative and Unionist party in unholy alliance with the Scottish National party—how the two can be wedded together in a coherent intellectual force is beyond me, but it is for these purposes—is offering a short-term, expedient approach to the issue. It is not the correct approach.

The House should seek—the Office of the Speaker has an important role to play here—a broadly based constitutional convention that looks at the rights and responsibilities of all United Kingdom MPs, because there are anomalies right across the board, rather than short-term, opportunistic devices that will weaken the very fabric that we are here to maintain and to improve.

Finally, I want to make two brief local points. The Government are giving a great deal of emphasis in the Queen's Speech to housing policy. Obviously, in the Scottish context housing policy is devolved, but the sheer extent of the debt currently attached to housing stock is not. It remains a UK Treasury concern—and a concern for many of us at a constituency level. As we know, many local authorities are often unable to invest to the extent necessary to tackle fuel poverty in older housing stock. Where existing housing debt, on both sides of the border, has not been properly addressed—particularly in rural areas, where it is an especially sensitive issue—a plea is going out to the Treasury to wipe out much of that debt. That way, money could be released for maintenance and for investment in energy efficiency, as well as for new houses. I and a group of Liberal Democrat colleagues from the north of Scotland have been seeking a meeting with the Chancellor and the relevant Minister to talk about housing debt in the UK context, as it pertains to the Treasury, to see whether something can be done. If something is not done, the very situation that some of the measures and good intentions behind the Government's approach to housing seek to address will get worse.

Finally, there is something missing from today's Queen's Speech—a marine Bill. That is a disappointment, and if we cannot return to that issue during this Session, I hope that we will return to it later in this Parliament, depending on how long it runs. Marine conservation issues are obviously very important, and as those of us who live in my part of the country know, the amount of oil tanker traffic—north and south—within the Minch is increasing. There have been terrible examples of spillages over the years, but the threat and danger remains live. Without properly designated channels within the Minches for fully laden oil tankers, the potential for a major environmental catastrophe is very strong. I first took an interest in this issue, which the European Commission, the British Government and successive Transport Ministers have looked at, back in 1983. However, we have never really made the tangible progress that has been sought. I hope that the absence of a marine Bill in this Queen's Speech does not indicate a lack of continuing application on the part of the Government to this crucial long-term issue.

6.23 pm

Mr. Michael Fallon (Sevenoaks) (Con): I remind the House of the interests recorded in the register. This is a 10th anniversary Queen's Speech and 10 years on, it is quite a good time to weigh up the progress made by the previous 10 Queen's Speeches. On education, fewer than half of our 15 and 16-year-olds get good GCSEs. A quarter leave school without basic literacy or numeracy, and last week the Prime Minister sadly reflected that only 10 per cent. of those whose parents are unskilled progress to higher education. On crime, even in relatively safe areas such as west Kent, violent crime has doubled, and our town centres and villages are overwhelmed with vandalism and petty crime. On immigration, Ministers clearly have no idea just how many people have come into this country. There is complete confusion regarding estimates of population, the issuing of national insurance numbers and the count of those entering or exiting our country. On the

[Mr. Michael Fallon]

national health service, instead of curing the patients entrusted to its care, my local acute NHS trust appears to have helped kill at least 90 of them with the outbreak of clostridium difficile. The economy is almost totally unbalanced. Record numbers are in debt or filing for bankruptcy, the housing market is unstable and there has been the first serious run on a bank since that on the City of Glasgow bank in 1878. So the issue for the House today is: does this Queen's Speech start finally to meet these challenges? My answer is clear: it does not.

Let us look at some of the detail. On education, the Prime Minister must be right to identify failure of aspiration as one of the key problems besetting the British education system. Aspiration is choked off in our system—it disappears in some "Bermuda triangle" between local education authorities, ministerial initiatives and the teaching unions themselves. Declaring war on failing schools is not quite enough; we have to ask why failing schools are failing, and why they have been tolerated for so many years by the LEAs running them. In fact, we would not have known about failing schools had it not been for the initiative of the last Conservative Government. Conservative Ministers established Ofsted and league tables, and of course, we need to remind ourselves that league tables were bitterly opposed not simply by the teaching establishment, but by the Labour party. We would not know which of our schools are the failing ones that the Prime Minister wishes to tackle, had we listened then to the advice of Labour Members.

Rather than the tinkering proposed in this Queen's Speech, we need a proper education Bill that gives head teachers the freedom to employ their staff and the power to expel disruptive pupils, without the endless appeals that we have at the moment. LEAs have clearly failed time and again in inner-city areas. We need to give parents in inner-city areas where there is sufficient public transport the benefit of a voucher that will enable them to cross inner-city borough borders, and we need to encourage new providers into the market.

We have in this Queen's Speech yet another Bill

"to reform the criminal justice system".

It will create yet more offences, procedures and paperwork, instead of empowering local police commanders and repealing those parts of the Police and Criminal Evidence Act 1984—I know that it was a Conservative Act, but it was enacted some 25 years ago and it needs modernising—that actually prevent them from taking the action necessary in our town centres and villages; instead of giving local magistrates the power to impose longer custodial sentences; and instead of reopening the many local cells that have been closed, so that they can hold overnight the hooligans and vandals who disrupt the quality of life of everybody else.

Michael Connarty (Linlithgow and East Falkirk) (Lab): I know that the hon. Gentleman is a thoughtful person and he is making a thoughtful speech, but does he not see a connection between his strategy of pitching children out of schools by giving teachers the right to throw them out on to the streets, and the problem that then occurs on those streets, which requires his remedies of hard policing and more imprisonment? What is he going to do about the people who are being failed by society, and who find that school has nothing to offer them?

Mr. Fallon: I accept the spirit in which that intervention is made, but the problem is that there is no serious disincentive for those who are not interested in school and who simply will not turn up, or who want to disrupt lessons for the majority. There is no serious sanction against them. They can be expelled, but they appeal, the governors are overturned and they come back into the class. We have to find more serious sanctions. I do not see the connection that the hon. Gentleman makes between expelling the very small minority who impinge on the right of the rest of the class to get the education that they deserve, and the hooligan group who might later terrorise town centres.

On immigration, the Government have only themselves to blame for losing control of the numbers. People now simply have no confidence in the official statistics: they come from different sources; they are quoted by different Ministers. Clearly, no one believes in an authoritative Government source for how many people are coming to this country, are leaving it or are here. We do not have a proper system of controls. On the contrary, we have far too many categories of people who are here under different programmes and initiatives. The different types of status, such as "highly skilled" or "leave to remain", mean that we do not simply know how many people are here. Nothing in the Queen's Speech gives me any confidence that we will know more accurately in a year's time exactly what the numbers are.

My right hon. Friend the Member for Wokingham (Mr. Redwood) has referred to the unbalanced economy. Nothing in the Queen's Speech shows us that Ministers have really learned the lessons from Northern Rock. We are promised some reform to

"ensure confidence in the banking system."

We have a banking system of supervision in which there is total confusion. We have two bodies—the Bank of England and the Financial Services Authority—that seem to be responsible for different aspects of liquidity: the Bank, for overall liquidity; and the FSA, for the liquidity of individual institutions. The Bank of England is theoretically the lender of last resort, but it has been unable to mount such an operation covertly, because of various restrictions and regulations that the Government have put in place.

If any Labour Member still believes in the sanctity of the tripartite system, which was put in place by the then Prime Minister and Chancellor back in 1987, they should consider the fact that, on 14 August, all parties concerned—the Bank of England, the FSA and Treasury Ministers—were told that Northern Rock could run out of money. On 14 September, Northern Rock did run out of money. The tripartite system failed, and we urgently need legislation to improve it, to ensure that we never have a run on a bank like that again and that we have a proper system of depositor protection.

Mr. Redwood: Does my hon. Friend agree that it is rather strange for the Chancellor to make periodic speeches and to give periodic interviews to condemn the practices of the banks that he regulates, when we might have thought that, as the chief regulator, he

would have continuing private conversations to sort out the problem, rather than undermining the City's reputation?

Mr. Fallon: Yes, the Chancellor has been too keen to blame the banks for reckless lending, when his system is responsible for supervising the work of the banks and when his performance since the middle of August has failed us. We learned today that he was told long before the fatal weekend that the system of depositor protection was too weak and that the Governor wanted it improved. He failed the Governor, and he has further questions to answer.

Michael Connarty: I had the pleasure of studying financial institutions when I studied for my degree, and there were great debates about the regulation of the financial system and whether flexibility and allowing the markets to expand and be self-regulated was the way to go or whether there should be more regulation. Is not the root cause of the present problem in the banking system the fact that the banks were taking risks by giving credit to people who clearly could not pay it back? With people getting mortgages of five times their joint salaries, we are in danger of running into the same problem in this country if we do not regulate and discipline the banks, so that they lend only when there is clearly a possibility of sound financial practice by those who are borrowing.

Mr. Fallon: The hon. Gentleman must be right: there has been loose lending and loose borrowing by the banks in the wholesale markets. Of course, the directors of those banks—Northern Rock, in particular—cannot escape their own responsibility for ensuring that their banks were liquid as well as solvent. Equally, there is a supervisory system, which the Labour Government put in place in 1997, and it has clearly failed. There was confusion. When I asked the Governor during a sitting of the Treasury Committee who was in charge of the tripartite system, he famously replied, "Define what you mean by in charge." That tells us all that we need to know about why people were queuing around the block to take out their money.

I want to turn finally to the national health service. If there is a single document that sums up the Blair-Brown years, it is the Healthcare Commission report on the tragedy that affected the Maidstone and Tunbridge Wells NHS Trust in my constituency. The report should be required reading for anyone who wants to understand the destructive tension in place between clinicians and managers, between senior managers and the board and between the trust and Ministers in Whitehall.

The Healthcare Commission, of course, identified the gaps in cleanliness, nursing and so on, but it also identified the culture of targets—not simply clinical targets, but financial targets—that the trust was fixated on having to meet. Of course, it is true that the trust was poorly led—it was incompetently managed; it did not have the calibre of senior management to cope—but it is also true that that trust was under enormous pressure from Whitehall to clear a huge deficit, year after year.

If hon. Members read the report, they will see that the reluctance to employ extra staff, to change the various practices and to tackle some of the deep-seated problems at the three hospitals the trust is in charge of sprang very largely from the financial constraints imposed on the trust by Ministers in Whitehall. As a result, 90 people in west Kent sadly lost their lives, with C. difficile at least a contributory factor. That was not a private company. Those were not contractors. It was an acute NHS trust in the front line of patient care, running three hospitals. The answer that the Prime Minister gave was to set up yet another regulatory body. That will not deal with the problem; we need a better run, more accountable national health service in which local communities can have real confidence.

The Government have had 10 years to start to tackle those problems and get these things right. The reform that has been endlessly paraded in front of us has not been real reform. Billions of pounds have been wasted. We end up, 10 years later, with an education system that fails half of our children, with a criminal justice system where criminals cannot be sent to jail because the Government have failed to build enough prison places, with a Government who have not a clue how many immigrants are here, whether or not they are taking British jobs, and with a national health service that is killing the very patients for whom it is supposed to care. There has to be a better way.

6.38 pm

David Maclean (Penrith and The Border) (Con): I wish to begin my remarks tonight by paying tribute to the four firemen who tragically lost their lives a few days ago. I commend the valued efforts of their colleagues and others in searching for the bodies, so that their loved ones may at last have closure. I pay tribute to them—I hope that the House will not misunderstand my remarks—because I wish to draw attention to their exemplary courage, which seems to have gone against the grain of other examples that we have seen in the past few years or months, when other public servants have not acted with sheer indifference to risk and their own lives.

I am thinking of the police community support officers who, apparently, would not go into a pond to save a drowning boy because they had not been trained in the correct way to do so, or because of our health and safety culture. I am thinking of the ambulance men I read about at the weekend who would not run along a sandy beach in case they tripped—again, because it might have been against their own health and safety rules. I am thinking of many other examples over the past few years of local councils imposing arbitrary and unnecessary restrictions on people's fun, whether on bonfire night, at conker matches or at street parties. There have been restrictions on other activities, too, including on the Royal British Legion being able to collect in its normal way. Too many such incidents have happened, and in many ways that has curtailed people's ability to take risks and do things.

The firemen were unique—well, no, they were not unique because others have taken risks of that sort, but they are unique in my mind because they stand out as having gone against the grain in the past few months. I hope that they will be remembered for many years. Their families should bear in mind the fact that they did not die in vain; apparently they arrived at the scene and charged in, thinking that there might be people in

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the building who could be saved. No doubt there will be an investigation and no doubt we will all say that it must not happen again, but in some ways—I hope that the House will not misunderstand this either—I hope that it does happen again; I hope that some time in the future, human beings, wishing to save the lives of other human beings, take risks that are against the rules and against our health and safety culture. In so doing, I hope that they live, but if they do die trying to save the lives of others, they will not die in vain.

I am disappointed that there is nothing in the Queen's Speech to curtail the excesses of the Health and Safety Executive and to reduce the litigiousness of our society. I have my criticisms of Sir Ian Blair—I think it is time that he stepped down for the mistakes that the Met made—but it is an absolute farce that the Metropolitan police were tried for the de Menezes shooting by the Health and Safety Executive in a health and safety trial. If the Met had to answer questions on the matter—and there were very serious questions to answer—that should have taken place under the auspices of the Independent Police Complaints Commission. It is the proper body to operate police complaints procedures and to make judgments on the suitability of the commissioner, or the culpability of any other officers concerned.

Until this country does something about the constant litigation that prevents schoolteachers from taking children on proper trips, and until the Government bring forward legislation that enables us once again to become a risk-taking society—within sensible limits—rather than a risk-averse society, we will not be the economically successful nation that we aspire to be. We heard wonderful speeches today on why children are not performing well at school, or want to leave school, or are fed up with school. In schools, we see part of that pervasive culture: we avoid children taking risks, we avoid judging them, and we do not challenge them too hard. We have to get back to being a risk-taking society.

I am disappointed that there is no Bill to give teeth to the Competition Commission or the Office of Fair Trading. After 18 months of intense investigation, the OFT came to the conclusion that when it came to milk, our supermarkets were screwing farmers ruthlessly: the supermarkets give farmers about 18p a litre for milk and sell it for 54p, and 18p in the middle disappears somewhere. The Select Committee on Environment, Food and Rural Affairs discovered that two or three years ago, after a few months' investigation. Now that we discover, through the OFT's big inquiry, that supermarkets are doing what we have known about for some time, what is to happen next? Of course farmers have had a few pence more per litre in the past few months, but that is not because the supermarkets have suddenly developed a guilty conscience. It is not because they have decided that they must pay the primary producer more. It is thanks to India and China buying up vast supplies of dry powder and milk on the world market. If farmers in our country are one day to receive a proper, decent price for milk, it will not be because of any action taken by the Competition Commission or the OFT; it will be because of China and India and their insatiable demand for dairy products.

Nothing in the Queen's Speech gives the OFT power to take action when it finds problems. There is nothing to deal with the outrageous, unfair banking practices that our consumers are faced with. There may have been some unwise lending by the banks, but we know how they will claw back some of the money: through unfair bank charges, unfair credit card charges and unfair payment protection insurance. Recently a constituent recommended a wonderful website to me called moneysavingexpert.com. I must practise what it preaches more often. All parties in the House are concerned about the massive amount of private debt. That excellent website is geared towards consumers. It tells them how they can save money and deal with some of the malpractices of the banks.

We can appreciate the size of the debt problem if we consider the fact that the website has had 4.3 million downloads by consumers of a document on how to reclaim unfair bank charges. There is a template letter written by the excellent Martin Lewis, who runs the website. There have been 107,000 downloads of information on the payment protection insurance scam operated by banks, and 35,000 downloads of the template on how to reclaim unfair credit card charges. There is a huge problem out there, and I see nothing in the Queen's Speech to deal with the aspects of it that I have mentioned.

I urge the Government, through the Lord Chancellor, to remind judges not to close down current legal cases against banks in which customers are reclaiming unfair credit card charges. On 27 July, the OFT agreed a test case on bank charge reclaiming, and that has put a halt to all other cases in which unfair bank charges are being reclaimed. That halt does not apply to unfair credit card charges and payment protection insurance, which in millions of cases was probably unsold; but apparently many judges are saying, "No, you can't go ahead with that claim because the OFT has a test case, and it is all closed down." That halt relates only to bank charges, and I hope that the Government, through the Lord Chancellor, will urge judges to let the cases go ahead. I come back to my earlier point: let us have legislation that will give the OFT and the Competition Commission the teeth that equivalent bodies in America have.

My final point on banking is that at least the chief executive of Citibank had the decency to resign when the problem hit the fan. There were no such resignations from chief executives in Northern Rock; they were no doubt sustained by their friends on the Government Benches.

I regret that there was no Bill to simplify recycling in the Queen's Speech. I am passionate about doing my recycling. I find it more difficult, with dodgy legs, to carry all my different boxes, bottles, glass and papers to the recycling heaps in Eden or Carlisle in my constituency. In the Westminster area, we are blessed with multi-recycling: one bin takes all, apart from polystyrene and garbage. I encourage other councils to do likewise. It makes it simple. Westminster boasts that it has an 80 per cent. recycling rate. Admittedly, a large part of what is collected is burned for fuel and power in electricity stations, but I might take into account the extra hot water and Fairy liquid that I use when washing all my little bottles and plastic jars to make sure that I have practically sterilised my rubbish that is going into the recycling tips. As for other people doing

the same, when I see the Liberals driving to the recycling bins in their Volvos, I wonder whether we have got the economics of the matter right. However, I believe in recycling. I also believe in cutting waste and in ensuring much more home insulation. We must do all of those things, as well as recycling.

It is grossly unfair of councils to impose charges on people for not putting out the correct bins on the correct day with the correct boxes and bags, and to refuse to take some of the things that we are given, such as Tetra Paks. If they will not recycle Tetra Paks, what are we supposed to do with them? What am I supposed to do with the polystyrene that was wrapped around my last computer monitor, if the councils refuse to take it? Rather than the Government encouraging councils to impose penalty charges on people who put a chip wrapper in the wrong box, they should say to councils, "You have a three-year deadline in which to allow the public to put all recyclable material into multi-purpose bins." Perhaps they should say to supermarkets and goods suppliers, "You also have three years to make your packaging materials easily recyclable." That would mean no composites—no more Tetra Paks of cardboard, plastic and foil stuck together, which cannot be recycled. Suppliers should not sell products in polystyrene if no one will recycle it.

The burden has been passed on to the innocent. I started off as a highly ignorant consumer; I thought that all plastic was plastic was plastic, but now I discover that in the areas covered by my local councils there are about 20 different kinds of plastic. I have to run around popping it in different holes in different bins on different days of the week.

Mr. Kevan Jones (North Durham) (Lab): Anorak.

David Maclean: If I try to do so to obey the law—and I am certainly not an anorak—no wonder thousands of my constituents give up, save it all up, stick it in the back of their estate car and dump it in the commercial refuse site, instead of going through the hassle of recycling. If the Government want to meet their Kyoto targets, they should make it simple for consumers to recycle. I may introduce a Bill myself to do so.

I believe in recycling and in reducing the amount of power that we consume. We must have better home insulation. I believe in renewables, but I believe, too, that it is time to push the nuclear button—as far as domestic energy consumption is concerned. That is the view of people in Cumbria, where we are rather good at the nuclear industry. I accept my party's view that nuclear must be the last resort, but I believe that we are at that stage. If my constituents and I thought that by sticking giant wind turbines on every beautiful hill in the Lake district we could solve our energy crisis and save the planet then, God help us, we would do so. However, if we stuck 50,000 of those 300 ft-high giant steel tubes on the finest landscape in the country, comparable to the Scottish highlands, we would still not close a single power station. We would still need 10 nuclear power stations, or the lights would go out.

I am glad that the Prime Minister could boast that today he was giving the go-ahead to a 300 MW or GW—whatever it is—thing in the Irish sea. Good: I am happy to have some more turbines in the Irish sea, and I am happy for the Severn barrage to be exploited. However, I caution the Government against meeting their renewables targets by destroying England's backyard by sticking those turbines on the Lake district hills or any other hills and mountains where it is scenically inappropriate to do so.

As for the housing and planning Bill, we have been gagging for housing in Carlisle, in Penrith, and in the Eden area in Cumbria for the past five, six, seven or eight years. We are constrained by the policy invented by the previous deputy leader of the Labour party, the right hon. Member for Kingston upon Hull, East (Mr. Prescott), who decided that no new houses should be built in Cumbria until the north-west region had disposed of the 10,000 surplus houses which, apparently, are to be found in Manchester and Liverpool. I know that there are big arguments about whether some of those wonderful terraced houses should be destroyed, but in the name of God we cannot say that we should not build houses 150 miles away in Carlisle because there are surplus homes in Manchester and Liverpool. That is the policy that we have had. In Penrith, in the Eden valley, we are allowed 100 homes per annum. I have been told that that may be increased to 200, and we may even be allowed 300 per annum in future. That is nonsense: I do not know how many we need, the planners do not know and the councillors do not know. It is probably 400 or 500 per annum, but the market should decide.

House prices have gone through the roof in my area, and we have a huge problem with first-time buyers who cannot afford housing. We do not need Government controls to try to release Government land so that we can try to build a so-called affordable house—we just need to free up all the possible land on which housing can be built. We should not build giant estates in my constituency but a house here and there. Two houses could be built in one village, five in another, and 50 in Penrith. We can solve the housing problems in my constituency by letting district councillors, whether Tory, Liberal Democrat or independent, decide the issue for themselves.

Mr. Evans: I represent a north-west constituency, and suffer from those insane housing policies. Does my right hon. Friend not agree that an unintended consequence is that even brownfield sites such as Barker's nursery in my constituency are unkempt, overgrown and unsightly? The nursery is at the entrance to Clitheroe, and while houses could happily be built there, unless they are social housing—clearly we want to include that in the mix—as dictated by the Government, the site will remain undeveloped.

David Maclean: My hon. Friend is absolutely right. Of course, we need more social and affordable housing. In my constituency, the average wage is £15,000 but starter homes cost £150,000. Even if they are stripped to the housing association bare minimum, with equipment supplied in a social home, prices are still way beyond what kids and young married people can achieve. We need more social housing, but the price of such housing has gone through the roof, just as the price of private housing at all levels has done. We have headmasters who cannot find a house for £200,000. We have business men who will not move in, because they cannot find a house for £400,000. A detached house in

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a little village outside Penrith is on sale for £500,000. That is the first time in our lives that such things have happened in the area. We can cut through the problems that the Government have created in housing by letting councils in my area decide housing applications for themselves. We should let them build what they need in the right style and design, and in the right place. They know best—I do not. They are the councillors and planners, so they should do it.

I am deeply sceptical about raising the age at which children can leave education. Those kids deserve the chance to do what the right hon. Member for Sheffield, Central (Mr. Caborn) talked about in his excellent speech, and get out and get a proper apprenticeship in a worthwhile industry. I commend the right hon. Gentleman on taking up engineering as his calling. It is a noble calling, but so are plumbing, carpentry and all the other technical trades and skills that we need. Unless the Government plan to push 16-year-olds into proper apprenticeships, I do not think that their proposal will work. I am not sure what my Front-Bench team's policy is on vocational education, as I have not studied it, but I cannot support any policy that keeps children in school until they are 18, letting them out for an apprenticeship or vocational training for just one day a week. That is not nearly enough—they will be bored and disillusioned—and the net result will be 18-year-old kids, totally bored, disillusioned and untrained. We may wonder why the 19-year-old Polish plumber has got the work instead, but in Poland, 15, 16, 17 and 18-year-olds are not sitting in school, with only one day's release to a further education college. Poland and the Czech Republic are turning out people—many hon. Members are worried that they have taken our jobs; I am not, because they give the country an excellent service—and we should emulate some of the things that they do. We should emulate the right hon. Member for Sheffield, Central, who left school at 15, got a proper apprenticeship, became a skilled engineer, and then became a Member of Parliament.

Mr. Kevan Jones: I agree with a great deal of what the right hon. Gentleman has said, but was he not a member of the Government who did away with the training board and the levy, which was imposed on industries that provided the apprenticeships that my right hon. Friend the Member for Sheffield, Central (Mr. Caborn) and others took up? His Government replaced that arrangement with the complete nonsense called the TECS—all they produced was hairdressers.

David Maclean: The hon. Gentleman does a great disservice to hairdressers. The country depends on thousands of good hairdressers, and on others whom the training and enterprise councils turned out. The apprenticeship system had to be reformed—the hon. Gentleman knows that—and it was in decline before we looked at it. Apprenticeships were too long. People did not stick with them, and employers would not take on youngsters at the wages demanded for a five-year period, so the system had to be changed. Now, however, we have nothing. Doing away with the levy was not the problem, as it was sensible to do so. Companies became involved in the training of young people—*[Interruption.]* Let us wait and see what the Government introduce. I repeat my claim that if it is a system to keep kids in school four days a week until they are 18, with only one day on release for an apprenticeship, it is a waste of time. It is worthless, and the children will not do it.

I am disappointed—this has been commented on already, but it is my turn to say so, too—that there is nothing in the Queen's Speech to deal with the constitutional outrage we face in the House whereby there are two classes of MP. It is not good enough for some Government Members to say that if Tory policies were enacted, there would be a second class of MP—we have that already, and it is called the Members who sit for England, whether they are Tory, Labour or Liberal. We are second-class citizens in this House. We have no say on Scottish matters—perhaps we do not want to have a say on Scottish matters—yet Members from Scotland can participate in today's debate and vote through measures that affect my constituents in England but do not affect their constituents in Scotland. This Parliament is unbalanced, because all of us in this Chamber should work under the principle of equal pain. If I vote through higher taxes, I should face my constituents, who can complain about it. If Members from Scotland vote through higher taxes in England, however, they do not have to face their constituents in Scotland.

Michael Connarty: Will the right hon. Gentleman give way?

David Maclean: I want to finish the point, then the hon. Gentleman, who is from Scotland, can have his say.

Members from Scotland can vote through measures in England on tuition fees or health reforms that do not apply in their own country. When they go back to their constituents, they do not have to explain or justify one iota why they have imposed penalties on people in Cumbria or London, and they are getting off scot-free.

Michael Connarty: The right hon. Gentleman can allow his blood pressure to come down while he listens. Is he really suggesting that I have less concern than him for the education of the children of my brother, who lives in the south of England, or less concern than him about health provision, when, for example, some of my constituents have to travel to London for specialist operations? Will he apologise for stating that taxes are levied in this House on the basis of England or Scotland, because, as we all know, they are levied across the whole of the United Kingdom? I was not elected in another country, because the United Kingdom is as much my country as it is his.

David Maclean: I am sure that the hon. Gentleman is concerned for friends, relatives and constituents in England, Wales and Northern Ireland, just as I am concerned for my relatives in the north of Scotland. However, those people do not vote for me, whereas my constituents do, and my primary obligation is to my constituents, who do not have a say. My constituents have no say on health care at Raigmore hospital in Inverness or on what goes on in Dumfries and Galloway, but, by God, they are paying for it. The hon.

Member for Dumfries and Galloway (Mr. Brown) and the right hon. Member for Ross, Skye and Lochaber (Mr. Kennedy) can determine health care in my constituency and that of the hon. Member for Linlithgow and East Falkirk (Michael Connarty). They can determine the level of tuition fees for our constituents in England, but we have no say on those matters in Scotland.

I do not want to have a say on Scottish matters, which are up to the Scottish Parliament, but it is therefore utterly unfair for Scottish Members of Parliament to come here with additional rights to dictate terms and conditions on taxes to my constituents that they do not have to suffer themselves.

David Taylor (North-West Leicestershire) (Lab/Co-op): I thank the right hon. Gentleman, for whom I have great respect in most circumstances, for giving way. Will he throw his mind back to the introduction of the community charge/poll tax, which was trialled in Scotland for a year before it was imposed on the rest of the United Kingdom? If the vote on that policy had involved only Scottish MPs, does he think that it would have gone ahead? Did English, Welsh and Northern Irish MPs not impose something on Scotland that would not affect them in that particular period?

David Maclean: The point is that the poll tax was applied to England. It started in Scotland one year early because Scotland had revaluation one year early, but it applied to the whole of England. We are discussing measures that apply to England and not to Scotland at all, because the Scottish Parliament has the power not to impose them.

In this House, where we should all be equal, Scottish Members of Parliament are using their unequal privileges.

Michael Connarty *rose—*

David Maclean: We are not equal in this House, because the hon. Gentleman has infinitely more rights than me—he can impose things on my constituents, which I cannot do to his. I think that I have made that point about Scotland, to which we will need to return again and again until we rebalance this House of Commons with equal rights for everyone.

Before someone says that I am in an unholy alliance with the nationalists, I must say that I despise, in the nicest possible way, what the nationalists stand for—I despise nationalism. I respect the hon. Member for Moray (Angus Robertson), as I respect all other hon. Members, but I despise nationalism and separatism. Scotland and the Government are going down a very rocky route, which will lead to the disintegration of the United Kingdom.

I started my speech by commending the firemen who died over the weekend, and I also pay tribute to our servicemen and women who are fighting in Iraq and Afghanistan. The whole nation—all of us—must do more to honour the commitment of our servicemen and women. Without going into the detail of the military covenant and criticising the Government where I think that they have broken it or not done enough, as a nation and on the media level, and perhaps at the Government, Opposition and prime ministerial level, we are failing to recognise the sacrifice that those men and women are making.

If the body of a dead serviceman that has been returned to Dublin can receive a full military funeral, why cannot I see such a funeral on our television? Perhaps parents and relatives do not want that, but we seem collectively to be playing down the commitment of those men and women, which we should not do. This is not a particular criticism of the Prime Minister, but the approach must be Government-led. The Government must show at the highest level that they are honouring the bodies coming back home and those who are still out there fighting, in which case the media would do more. We are not giving such matters enough public attention, and the media should do a lot more to show the commitment of those men and women, particularly those who have been killed.

Those servicemen and women who have been seriously injured should be taken care of properly and appropriately for the rest of their lives. Today, we have discussed the millions of new houses that the country needs, including affordable housing and social housing, and I happen to believe that our servicemen and women should have the finest housing that the state can provide.

Soldiers want to know two things before they go into battle. First, they want to know that there is good casualty evacuation to get them out if they are injured. They are willing to take the risks—you do not think that you will get shot, because you think it will be somebody else—but they always believe that the British Army will get them out and give them good casualty treatment, if they are injured. Secondly, they must believe that their wife and kids are being well taken care of and that their family back home will be okay if something happens. Rightly or wrongly, they do not have that confidence at the moment, which is not necessarily only the Government's fault.

Collectively, as a nation, we are turning a blind eye to Afghanistan, where we will have to remain for some time. We cannot cut and run from Afghanistan, because that problem will pursue us around the world if we do. We are there, and we must see it through properly for some time. We must also ensure that our forces are not overstretched and that we commit the necessary numbers.

This year's Queen's Speech is gravely disappointing. It does not include the measures that I want to see to tackle some of the problems in this country, and for that reason I will not support it.

7.8 pm

Tony Baldry (Banbury) (Con): We were told earlier in the summer what was going to be in the Queen's Speech, but we were not given an opportunity for a debate. Since then, we have had the pre-Budget report and the announcement of the comprehensive spending review for the next few years, but again we were given no opportunity to debate those matters. This debate is in reality the first opportunity seriously to examine the Government's performance since the Prime Minister moved into No. 10 Downing street and ceased to be Chancellor of the Exchequer. The Prime Minister's first few months in office have shown him to be weak, ineffective and indecisive. He is desperate that we

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should all forget that he oversaw the nation's finances for 10 years as Chancellor of the Exchequer, and it is instructive to consider the strength in the economy now and compare it with the performance of the economy in 1997.

As my hon. Friend the Member for Sevenoaks (Mr. Fallon) has said, the Government have been in office for 10 years. When my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) was Chancellor of the Exchequer in 1997, economic growth was 3.2 per cent.; today, 10 years later, it is down to 2.9 per cent. In 1997, central Government borrowing was 0.8 per cent. of GDP; today, after 10 years of this Government, it is up to 2.5 per cent. of GDP. In 1997, borrowing as a percentage of GDP was 0.7 per cent.; today, it is up to 2.4 per cent. In 1997, net borrowing was £6.1 billion, but today it is a staggering £34 billion. Public debt in 1997 was £352.9 billion, but under this Government it is predicted to be a staggering £638 billion in a couple of years' time. The proportion of national wealth in GDP taken by tax in 1997 was 34 per cent.; today, that is up to 36.8 per cent.

Particularly telling about what 10 years of Labour Governments have done is that in 1997, the UK economy was ninth in the International Monetary Fund yearbook ranking; today, it languishes at 20th place. Effectively, on average, every year for the past 10 years we have slipped behind yet another competitor country in the global economy. We are falling further and further behind as a consequence of the Government's policies; every single economic indicator is going in the wrong direction.

Incidentally, the statistics that I have mentioned are not mine, but the Treasury's. If anybody wants to check on how badly the UK Government are performing in respect of the economy that they inherited in 1997, that person has only to look at www.hm-treasury.gov.uk/economicdataandtools/financespendingstatistics/pubsecfinance/psfstatistics.cfm—it is all there. The Government's own statistics tell them how badly they are doing.

Those Treasury statistics show that all is not well with the British economy. Real living standards are falling and disposable incomes are being squeezed. As a consequence of the Chancellor's recent pre-Budget report, families will pay some £2,600 more tax every year. To see that, one has only to look, again, at the Treasury's own figures. The total tax paid now by the country's 31.6 million taxpayers is £550 billion; according to Treasury figures, that bill will increase to £724 billion in five years, increasing the average family tax bill—in my constituency and everywhere else—by £2,600. Taxes are going up.

David Taylor: Will the hon. Gentleman give way?

Tony Baldry: I shall gladly give way to the hon. Gentleman, whose attendance is usually assiduous. However, he is about the only Labour Back Bencher present, and he drifted in about 10 minutes ago in a slightly dilettante way. It is sad that there are more Ministers on the Treasury Bench than Back-Bench Labour MPs who have bothered to turn up for the whole of this opening day of the Queen's Speech debate. It is pretty pathetic that those on the Treasury Bench cannot succeed in getting more Labour Members of Parliament to take part in the first day of debate on the Gracious Speech; apart from anything else, it is rather insulting to Her Majesty.

David Taylor: I am grateful for the hon. Gentleman's courtesy and compliments.

Why did the hon. Gentleman omit from his litany two crucial economic statistics that are perhaps more important than those that he cited? First, there is the proportion of aggregate debt relative to GDP in 1997 and 2007. Secondly, why did he not say that during the 11 and a half years of Mrs. Thatcher's Governments, the average tax-to-GDP ratio was 43.5 per cent., and that in the 10 years and a little of Mr. Tony Blair's Governments that ratio was 39 per cent.? Why does the hon. Gentleman not include those figures in his condemnation of the Government?

Tony Baldry: The hon. Gentleman's most ingenious special pleading will not persuade my constituents that taxes are not going up and services are not going down—they see rising taxes and declining services every day. They see that Government borrowing is going up. If the hon. Gentleman had bothered to come in earlier, he would have heard the excellent exposition of my hon. Friend the Member for Sevenoaks, who sits on the Treasury Committee. There is absolute chaos; the Government cannot even manage the major economic factors and systems involved in running the Bank of England and managing our banks. Owing to the Government, we have had the first run on a national bank since—

Mr. Fallon: Since 1878.

Tony Baldry: Since 1878. So a little more humility from the hon. Gentleman would be appropriate.

To add to our woes, not only are the nation's finances out of control, but unemployment is also increasing; in the past year, it has risen faster in Britain than anywhere else in the western world. Real unemployment—the number of people out of work and on benefits—is now at more than 5 million. Last week, the Sapa group, one of the UK's biggest aluminium producers, announced that it is to close its plant in Banbury, with the loss of 337 jobs. That is a tragedy for every person who will lose their job; it is also a particularly sad time for Banbury, as the Alcan site has been part of the town's soul ever since the aldermen of the borough of Banbury raised the money to buy the original land to attract Northern Aluminium to the town early last century.

As companies such as Sapa struggle with increased competition from low-wage economies such as China and Malaysia, what is the Chancellor doing? He is adding to the burdens of business. After 15 years of global growth, we should be running a surplus; instead, we are entering what the Chancellor himself admits are difficult times—the Government's borrowing is out of control and they are having to raise ever more taxes.

Next year, the Chancellor wants to raise a further £2.5 billion in taxes. According to a rule of thumb, £1 billion is about equivalent to a penny in income tax. How is the Chancellor raising that extra tax? He is doing so by hammering businesses, particularly small

and medium-sized businesses, and by increasing council taxes. There is an effective 80 per cent. rise in capital gains tax for smaller business—it is little surprise that the Federation of Small Businesses said that the pre-Budget report was

"bad news for small business, adding to the tax burden. The chancellor's statement is a huge disappointment for most small businesses still reeling from the increase in corporation tax announced in the last budget."

The rise in CGT hits particularly hard the owners of the 4.5 million UK firms that employ fewer than 20 staff and contribute half the nation's GDP. It is little wonder that the Minister for Trade Promotion and Investment, Lord Jones of Birmingham—*[Interruption.]* The hon. Member for North-West Leicestershire (David Taylor) may scoff, but the Prime Minister brought Lord Jones into the Government's "big tent". I should be interested in running a sweepstake with the hon. Gentleman on how long Lord Jones remains a member of this Government. I wager that not many months into next year he will resign or find it difficult to keep up collective responsibility, given the Government's economic policies.

It is little wonder that Lord Jones acknowledged that companies regarded the new capital gains tax changes as terrible. He should know, because as the head of the CBI, he warned the Government; as a newspaper article headlined it, "CBI warns Brown: do not tax your way out of slump". However, that is exactly what the Government appear to be doing. What a pity that the Government did not take Lord Jones's advice, given all his experience of business.

Even the Chancellor now realises that he has cocked up on CGT and he is trying to think of ways to sweeten the pill. As Richard Lambert, the CBI director general, has observed:

"There are many other businesses and investors who need help as a result of these ill-thought out pre-budget changes."

The Government's changes to CGT attack business and enterprise. As the Institute of Chartered Accountants in its parliamentary briefing says:

"This change will create a considerable number of winners and losers. The losers are businesses...The winners appear to be holders of non-business assets, for example second homes, and particularly those who have held non-business assets for a short period".

So there is a crazy situation, in which the Government are hitting business and those who create jobs and employment and rewarding those who have held non-business assets for a short period. The businesses in my constituency being hit with more tax still have to cope with the ever-increasing burdens of pointless red tape. I hope that the Government will pay careful attention to the Public Accounts Committee's recent report, which demonstrates, for example, how ridiculous it is that owners of new businesses are badgered by numerous different parts of Her Majesty's Revenue and Customs all wanting the same bits of information. It is not surprising that the rate of new business start-ups has fallen since 1997. What is the point in the Queen's Speech of the Government saying:

"A Bill will be introduced to reduce regulatory burdens on business",

when the Public Accounts Committee clearly shows in its report that they are stifling business with ever more red tape?

The other group hit by the Government in getting more taxes are council tax payers. This is all pretty cynical on the Government's part. In short, the Government give local councils less grant knowing that they will have to put up council taxes as a consequence; they then hope that local councils and councillors will be blamed, not them. I do not think that people will be conned—they will understand that their local council has been short-changed by the Treasury. Local government has had the worst settlement from the Government in a decade, and that is bound to lead to above-inflation increases in council tax bills.

Andrew Stunell (Hazel Grove) (LD): I think that I heard the hon. Gentleman say that it was the worst local government settlement for a decade. Would he like to tell us which Government were in power when that last awful settlement happened?

Tony Baldry: The hon. Gentleman, who, like many others, has just wandered into the debate, would do rather better if, rather than making a point, he sought to identify with the many council tax payers throughout the country who, as a consequence of the Government's local government settlement, will have to pay considerably more of their disposable income in council tax, especially those on low and fixed incomes—but the Liberals do not seem to be particularly concerned about them. One of the interesting things about the opinion polls at present is that they suggest that we can hope to be spared that sort of cheap jibe from Liberal Members in the next Parliament, as we will have fewer of them. More seriously, I hope that the hon. Gentleman, who occasionally seems to take an interest in issues concerning the elderly, would concede that not only has local government been left with a terrible settlement but there is still a substantial hole in funding to care for the elderly—but perhaps he also finds that a matter of mirth.

Andrew Stunell *rose—*

Tony Baldry: I will not give way to the hon. Gentleman again.

Counties such as Oxfordshire are getting increasingly hacked off that we are paying an ever-increasing amount in taxes and getting an ever-decreasing level of support from the Government. On average, every one of my constituents in north Oxfordshire pays £2,000 more in taxes to the Treasury than the Government spend on providing services to people living in Oxfordshire. In short, we are paying more and getting less. One phrase in the Gracious Speech that my constituents will find particularly offensive in that regard is:

"My Government is committed to providing a healthcare system organised around the needs of the patient."

Horton general hospital in my constituency is facing the threat of a serious downgrading of services whereby, for example, consultant-led obstetric services are to be removed and taken to John Radcliffe hospital. We will no longer have a special care baby unit or 24/7 children's services, notwithstanding the fact that they were introduced following a public inquiry when Barbara Castle was Secretary of State. I do not see how the Government can possibly convince my constituents

[Tony Baldry]

that a serious downgrading of services at the local general hospital is in some way an improvement in the NHS and a health care system organised around the needs of the patient.

It is also irksome when we see the Government wasting substantial sums of money locally. On Thursday, the National Audit Office, following a request by me, will publish its report on how the Home Office managed to waste, on its own figures, a phenomenal, staggering £36 million on the project to build an asylum centre at Bicester for 750 asylum seekers. This was always a crazy project condemned by every organisation interested in the welfare of refugees, and it is not surprising that eventually the Government came to their senses and scrapped it. What is surprising is that they squandered millions of pounds on this aborted project, where neither a single brick was ever laid nor a single sod ever turned. The Ministry of Defence site where the centre was going to be built is exactly the same now as it was before the Home Office acquired the land. How could it possibly have spent, and wasted, £36 million on doing no work at all? We will probably never know the full truth because, despite the NAO inquiry, it conveniently managed to lose several of the papers relating to where the money has gone, so the NAO was unable to examine them. Like most of the Government's immigration policy, it is a complete shambles. We could have done a considerable amount locally with £36 million. No one can any longer have any confidence in what the Government do on asylum and immigration; they simply have not got a grip. As Martin Wolf observed in The *Financial Times* at the weekend,

"the government seems to have little idea how many immigrants are in the country. It has just had to admit that the number of foreign born workers who arrived since 1997 was 1.5 million. Since 1997, foreigners also seem to have filled more than half of the additional jobs created since 1997".

How can the Government get the figures so wrong?

It was somewhat pathetic for the Prime Minister, at the Labour party conference, to bleat about British jobs for British workers. Rather than bleating such meaningless platitudes, he would be better advised to get a grip on skills provision in this country. The consequence of globalisation, as shown only too brutally last week in Banbury with the experience at what everyone locally still considers as Alcan, is that even skilled and experienced workers here are having to compete with Chinese or Malaysian workers, and low-skilled or unskilled workers can no longer find a job because their factory's production has effectively shifted to China.

The Leitch report on skills made devastating reading, yet the response of the Government and the Prime Minister has merely been confusion at the heart of Whitehall. In a constituency such as mine, much of the training for work is done by the local further education college, but following the Prime Minister's reorganisation of Whitehall, Oxford and Cherwell Valley college of further education remains uncertain as to where FE stands. Is it the responsibility of the Department for Children, Schools and Families or of the Department for Innovation, Universities and Skills? I wrote to both Departments asking them who is responsible for FE and received identical letters saying:

"We are consulting on this."

No one in Whitehall knows who is now responsible for further education. The situation is equally chaotic as regards the learning and skills councils, which fund post-16 education and training.

Next year, I intend to organise a skills summit in my constituency bringing together local employers and business leaders to ask them what skills they need in the M40 corridor between Oxford and Warwick as we go further into the 21st century. I hope that by next summer the machinery of government will have sorted itself out so that we know who in the Government is responsible for FE and skills training and we can invite them to the seminar. It is pointless having a Bill on educational opportunity to tackle the question of what are described as NEETs—young people not in education, employment or training—and cutting benefits to youngsters if the Government have no coherence on FE provision, post-16 funding and skills training provision.

I am not entirely sure as to the purpose of the Gracious Speech from the Throne in the other place when it was almost all trailed by the Prime Minister months before. It has always been clear that a large chunk of the parliamentary Session will be devoted to the consideration of the European treaty. I approach the Lisbon treaty as a pro-European. I want Europe to work. It is in all our interests that the European Union runs smoothly, and it is in all our interests that it is fit for purpose to tackle global challenges such as climate change, terrorism and illegal immigration. But—and this is a substantial but—we were promised a referendum and there should be one. Everyone knows that the new treaty is a constitution in all but name. The European Scrutiny Committee advised that only two of the 440 provisions in the treaty differ substantially from the original constitution. The Prime Minister is breaking a promise to put it to a vote, and I fear that people will see the fact that we are not going to have a referendum on the EU treaty as a further example of the Prime Minister's evasiveness.

The Government say that no referendum is necessary because they have secured a number of exemptions from the treaty that are now being described as red lines, but will those red lines hold? One of the red lines has it that the EU charter of fundamental rights will not affect UK legislation, but that exemption may not be worth the paper it is written on. A number of MEPs have vowed to challenge Britain's exemption in the European Court of Justice, arguing that it violates the principle that EU law must be applied uniformly to all member states. The ECJ has consistently championed the supremacy of EU law, and the new treaty gives it sweeping new powers to rule on cases concerning justice and home affairs.

The EU Scrutiny Committee has warned that the UK's current exemption from the European working time directive may be challenged in court by other member states. There is no guarantee in relation to the Prime Minister's so-called red lines. We should have a referendum because we were promised one, and as a pro-European I echo what was said by *The Economist*, which warned recently:

"The real danger is of Britain...not having a vote and watching the resentment feed into a movement to get out of the EU. Better to have a vote now.

I certainly endorse that sentiment.

We have known for a long time that we will be spending many hours during the Session considering the Climate Change Bill. Climate change is one of the biggest challenges facing us all. It is a moral challenge. The Select Committee on International Development, which I chaired during the last Parliament, conducted an inquiry on the impact of climate change on developing countries. Our report concluded that its impact will be felt disproportionately by low-income countries, particularly in sub-Saharan Africa, because they are least able to manage the shocks of environmental change. This is a moral issue as well as a political one.

There are three issues at stake. First, although aviation is not the biggest contributor to carbon emissions at the moment, it is estimated that by 2020, carbon emissions from flights will double, especially with the growth of budget airlines. My party proposes the idea of a tax not on passengers but on airlines to encourage full flights, and I am glad to see that the Government adopted that proposal in the pre-Budget report.

Secondly, there is the need to monitor the reduction of carbon emissions. The Government say that the report on carbon emissions to see whether the UK is meeting its reduction targets should be with Parliament in 2012. That is far too far away. The only way actively reduce emissions is actively to assess what we are doing to reduce them. Progress reports to Parliament should be made annually, so that we can see where we are and what we need to do to make further progress.

Thirdly, on the Climate Change Bill specifically, we need annual targets to reduce emissions to meet the 2050 target for a 60 per cent. reduction. Everyone in this House knows that when we do not have annual targets, things simply drift, and the Bill will need to be clearer and bolder if we are to meet the agreed targets.

One of the few new announcements trailed in relation to the Queen's Speech is that the Government want to extend the time that they can hold suspects without charge to 56 days. It seems to me that the Government are trying to pick numbers out of a hat. It was only in 2005 that Parliament agreed to extend detention without charge to 28 days. They then wanted 90 days. I believe that our freedoms are very precious. They have been won over many years, from the time of Magna Carta, which enshrined the principle that no one should be detained without lawful authority; the concept of habeas corpus is central to our system of criminal jurisprudence.

We should not allow those who may threaten our security to corrupt our freedom and basic rights. If we do that, they have, in a sense, won something. They will have taken something precious from us. No persuasive evidence has been put to Parliament that we should curb our civil liberties—liberties that have been won over years, and which so many fought and died to defend. Allowing the state to hold people for ever-longer periods of time without charge would mean losing a freedom, which in itself would be something of a victory for those who wish to undermine our freedoms. We should not allow that. Given the introduction of a constitutional reform Bill to pave the way for a new Bill of Rights and responsibilities, it is similarly pointless for the Government to be busy undermining existing hard-won rights and freedoms.

That brings me to my last point. I am proud to represent the garrison at Bicester. Men from the Royal Logistic Corps have been serving in Afghanistan and Iraq and we are very proud of them. There is understandable concern that the compact between the armed forces and Government is being undermined by poor pay and poor accommodation. Our armed forces are all too often overstretched, and recruitment and retention are being damaged. As we approach Remembrance Sunday, Parliament has to make sure that during the coming Session we spend time focusing on the importance of upholding the nation's military covenant with its service people past and present and their families.

After 10 years of this Government, the Gracious Speech is a particularly disappointing one. As has been said, it could have come after a general election, which the Prime Minister was hoping to have at one stage before he bottled out. Given that, it is a surprisingly weak and thin speech that does nothing to address the fundamental challenges facing this country. We now see a Government imposing greater and greater tax burdens on individuals, families and businesses, while failing to address the ever-growing issues of globalisation or the threats to the British economy. The Government are simply running out of steam and vision.

7.38 pm

Mr. Nigel Evans (Ribble Valley) (Con): I am grateful to have this opportunity to take part in the Queen's Speech debate. Like other colleagues, I am somewhat surprised by the attendance on this first day of the debate. I suspect it reinforces the fact that we had heard much of the Queen's Speech well before the Queen graciously delivered it. After all, the Prime Minister had delivered it once, we read about it in the Sunday papers, and again on Monday and this morning, and full copies of it were made available 12 minutes before the Queen graciously delivered it in the other place. Had I been the monarch—*[Laughter.]* If we could just go there for a moment, I would have been tempted to say, "Well, you've heard it all before. I will lay other measures before you, and by the way I'm off to Uganda." And that would have been it. We had seen the contents of the Queen's Speech well in advance. Had the Queen delivered the Gracious Speech in the way I described, it would have had the virtue of being concise and 100 per cent. accurate. It is disappointing. Like others who are present, I have been a Member of Parliament for a fair few years—[HON. MEMBERS: "Too long."] "Not long enough", I hear people cry. At £5.15, the Queen's Speech probably represents the worst value in Britain. People will not be queuing outside the best bookshops to buy copies tomorrow because it is thin in content, as we all knew it would be.

One of many problems is the matters that the Queen's Speech does not properly address. Other hon. Members have mentioned devolution. I think that Tony Blair once said that the best thing to do with the West Lothian question was not to ask it. Of course, people, certainly in my constituency, are increasingly asking it. We have a Scottish Parliament, a Welsh Assembly and a Northern Ireland Assembly. It is good to see the Secretary of State for Northern Ireland in his place.

[Mr. Nigel Evans]

However, when discussing the national health service, people in Ribble Valley get frustrated when drugs are made available north of the border but not in my constituency or other parts of England. They get frustrated when Scottish Members of Parliament—I accept that Scottish National party Members do not vote on English-only legislation—vote on issues that do not affect their constituencies but clearly affect mine. That is a genuine problem, which needs to be tackled at some stage. I hope that it will be taken on board in any constitutional review that the Prime Minister considers. There must come a time when we stop the double dipping of Scottish Members of Parliament who vote on issues that affect my constituency, while we are denied the opportunity of voting on matters that affect theirs.

Michael Connarty: The hon. Gentleman is a kind and reasonable man. Has he ever thought that we, the Scottish Members of Parliament, do not have a full mandate? We have given up the right, through the Scotland Act 1998, to people who are elected to deal only with Scotland, to tackle education, health and other important matters in our constituencies. We have given that up in the interests of keeping the United Kingdom united. There was a clear problem: if we had not acceded to the needs—not only the aspirations—of the Scottish people to speak for themselves in those matters, the UK would have been broken up. That is important. We, not English Members, have lost a franchise. We try to aid and assist good legislation in the UK and in England, not deny the hon. Gentleman privileges that we have denied ourselves in Scotland.

Mr. Evans: The hon. Gentleman is reasonable but a walking example of the double dipping to which I referred. He has given up responsibility in his area for health and education—he has transferred it to a Member of the Scottish Parliament. I cannot vote on such issues, yet the hon. Gentleman sits in this Parliament, voting on education and health in my constituency.

Michael Connarty: I have always sat here.

Mr. Evans: I know, but the hon. Gentleman is reasonable and will understand my argument. Let us consider what would happen were the position reversed. The example of the introduction of the poll tax a year early in Scotland was cited earlier. Everybody erupted and said that it was unjust.

We are now in a position whereby I cannot vote on issues that relate to Scottish constituencies yet Scottish Members of Parliament can vote on health and education in English constituencies. That is the West Lothian question, which needs to be tackled. *[Interruption.]* The hon. Member for Linlithgow and East Falkirk (Michael Connarty) says from a sedentary position that it has always existed, but when I was first elected in 1992—*[Interruption.]* There is a fly—where did that come from? Perhaps the hon. Gentleman opened his wallet. It is still here—I do not know whether this has happened before, but I think that we are in new territory. I shall ignore it and hope that it goes away. If the West Lothian question is ignored, it will not go away.

When I was first elected in 1992, I could vote on all issues relating to the United Kingdom and so could the hon. Gentleman, but the position has changed. *[Interruption.]* If the hon. Gentleman is arguing for a reduction in salary, he is doing a good job. He cannot get away from the fact that the position has changed and an imbalance now exists in the constitution of the country. We need to do something about that.

Mr. Roger Williams (Brecon and Radnorshire) (LD): Perhaps the hon. Gentleman can attend to the fly while I am intervening. I can still see it. Does he agree that, when the House discusses health and education, that has implications for the devolved Governments of Wales and Scotland? There are Barnett formula implications, and added expenditure in England is reflected in added expenditure in Wales and Scotland.

Mr. Evans: If you do not mind, Mr. Deputy Speaker, I shall move to another microphone—*[Interruption.]* The fly is following me.

Mr. Deputy Speaker (Sir Michael Lord): Order. Perhaps I could encourage the hon. Gentleman to battle on, despite the fly.

Mr. Evans: Thank you for your encouragement, Mr. Deputy Speaker. There are flies on me.

I thank the hon. Member for Brecon and Radnorshire (Mr. Williams) for his intervention. Clearly there is an issue with the Barnett formula. Funding, financing and taxation are matters for the House. However, when we discuss how the money is spent in the Assembly or the Parliament, the devolved institutions must clearly determine that.

The Queen's Speech mentions health. We are considering better health for this country, yet MRSA and C. difficile are genuine problems in our hospitals. I spoke to a constituent the other day who mentioned the problem of patients at the Royal Preston hospital in my constituency crossing the road in their pyjamas, going to the local supermarket to buy things and then returning to the hospital. That will not help the hospital's hygiene; we must address the matter far more diligently to ensure that our hospitals are clean and kept clean 24 hours a day. Patients should not be allowed to wander into the streets, just as nurses or doctors should not leave the hospital environment and go back in again. That must be sorted out.

Obesity is a ticking time bomb. Many young people, some with parents who are obese, struggle with weight problems. One problem leads to the other. We need to ensure that the school curriculum leaves sufficient time for giving young people the information that they need about exercise and eating properly. That would have an impact on the conduct of the curriculum in England, if not in the devolved institutions in Scotland, Wales and Northern Ireland. We should give youngsters and their parents the information that they need to ensure that they get a proper, balanced diet and do not over-eat or over-indulge. Better labelling of food would be a start. Some supermarkets now insist on their suppliers including calorific values on labels. That practice is beneficial and needs to be spread. I rather hope that that could also be made available on menus in restaurants, so that people would have at least a rough

idea of the calorific value of the food they ordered. I do not think that is happening anywhere yet, but we should at least give people the information that they need.

David Taylor: Is the hon. Gentleman aware of the controversy and the debate among various sections of the food industry and retailers about the desirability of either guideline daily amounts or the so-called traffic light system? There seems to be a head-to-head approach, the only outcome of which is confusion for the consumer. Does he believe that the Government should give a stronger indication of which of those two options should be pursued?

Mr. Evans: I wish that there was a stronger lead, because confusion leads to people not being absolutely certain about their intake. The best thing is for the system to be as simple as possible but to give the most accurate information. Personally, I am quite surprised at how high the calorific level of some products on supermarket shelves happens to be, including even fruit. However, if we have the information, at least we can make a start.

A related issue is that of sport in schools. The Government have made £100 million available so that youngsters can have up to five hours of sport in schools. I stress "up to" five hours because I would prefer youngsters to have exactly five hours, which is an hour an day. They spend more than that in front of the television or the computer, on the couch doing nothing. If they had the one hour of sport a day in school, that structure would be perfect. I am sure that we are all involved with voluntary sporting organisations in our constituencies. They are great, but they are all self-selecting. Those youngsters will always be able to look after themselves, but there are some people who simply need the help through sport within a structure, which they can get in schools but nowhere else. I would ask the Government to consider again whether the £100 million, which is about £12 per pupil per school, is sufficient to spread the programme throughout the whole of the country.

Finally, on immigration—I am glad to see that my right hon. Friend the Member for Haltemprice and Howden (David Davis), the shadow Home Secretary is here—there are so many misleading statistics that it is worrying. Nobody really knows the level of illegal immigration. Nobody knows which people are coming in and which are going out, because neither is being properly checked. We all know that there is a problem with legal immigration, too. The statistics that the Government gave us early on said that when the 10 countries from eastern Europe joined the European Union, we would have about 13,000 immigrants. That figure then became 600,000, and now we have been told that it is more than a million. Such levels of immigration are unsustainable. The Government are talking about building 3 million extra homes. I suspect that some of them must be for the extra people in our population, which is now more than 60 million.

Andrew Mackinlay: I am grateful to the hon. Gentleman for giving way, because I want to put a question to him that has been ignored by those on both the Opposition and the Government Front Benches. If we reduce immigration, how do we select the jobs that will not be filled? The fact is that the labour market is absorbing immigrants. It is time that people were reminded that it is in the United Kingdom's best interests, particularly in reducing wage inflation, to meet the demands of the labour market. Who is going to pick the fruit in East Anglia, for instance? The hon. Gentleman and those on both Front Benches need to start answering that question.

Mr. Evans: What we need is an honest debate on the subject, which is what I am asking for and what the hon. Gentleman wants, too. Nobody is saying no to any immigration whatever; that would quite silly. We have always looked for the skills that we need, but we seem to have lost control over the past 10 years. That is why immigration into the United Kingdom is at its current level.

Also, when France and Germany decided not to allow people from the 10 countries to come into their countries to work, Britain was one of the few that said, "Yes, please come in." And surprise, surprise, that is exactly what happened. Rather a large number of people came into the United Kingdom, and that is where we are. That is why I am talking about the 3 million extra homes. Would we need them if the level—

Andrew Mackinlay: They build the homes.

Mr. Evans: The hon. Gentleman is absolutely right. We would need to import the labour to build the houses in the first place. However, we see problems even with the current demand on infrastructure, such as schools and health care. Transport is also an issue. Anyone who travels on the tube in London between the hours of 8 and 9 in the morning will know how uncomfortable it is.

Michael Connarty: It is important that we have a serious debate about immigration, but one of the factors that the hon. Gentleman must put into the equation is the one that he has just mentioned. Other countries in Europe did not give immediate access to those from the accession countries in the A8—we can discount Malta and Cyprus, which will not send many—that came in before Romania and Bulgaria. The problem is that when those other countries open their doors to those people, they will not stay in the UK. The target for people from Poland will be Germany, while Italy will be used by many others, as will France. We will lose a lot of people and then be back in the same situation of relying on non-EU immigrants to fill posts that are currently filled by people legitimately. However, there has always been a demand for labour that is here for many reasons other than work, and which does indeed work, but off the tax rate and using the same facilities that the hon. Gentleman is talking about.

Mr. Evans: The hon. Member for Thurrock (Andrew Mackinlay) made the point about those picking fruit. There are a lot of economically inactive people in this country anyway, as the Government say there are. There are those who are unemployed and still seeking work, and there is some role there. I am not exactly certain what the numbers are, because I am not sure whether I trust the statistics anymore. When people get it so badly wrong at the beginning—when they say that

[Mr. Evans]

13,000 will come in and the figure is well in excess of that—I wonder how accurate any predictions can be of what will happen when the labour markets open in France, Germany and other European Union countries.

That is why we need a full debate: to ensure that we at least have a properly structured immigration policy, which we would also need to discuss with other European Union countries. For instance, if I was Poland, I would be rather worried about the number of people leaving my country, particularly at the age at which they leave, because they are the economically active people. If some of them settle outside Poland, perhaps they will not return so quickly, which would hamper Poland's economic progress, too. I thought that part of the reason we wanted countries such as Poland to join the European Union was so that they could benefit economically. I hope that the Government will take that point on board.

On behalf of myself and the fly, I thank the House for being so tolerant under the circumstances.

7.57 pm

Angus Robertson (Moray) (SNP): It is a pleasure to follow the hon. Member for Ribble Valley (Mr. Evans) and the fly incident, replays of which we will no doubt all be able to watch on YouTube within a few short hours.

It is right and proper in a debate on the Queen's Speech to pay tribute to those hon. Members who are no longer with us. As the former next-door neighbour of Piara Khabra—obviously not by constituency, but in Upper Committee Corridor North for the past six years—I should like to place on the record my fond memories of him. He was one of the cheeriest Members of the House and displayed the greatest of humanity whenever one spoke with him about the issues that he cared about.

In this week of Remembrance Sunday, I should also like to pay the deepest respect, as have others, to those serving in our name in our service community, whether we agree with the conflicts or not—my record on the subject of Iraq is well known. I should also like to recognise the great efforts being made by the Poppy appeals throughout these islands and charities such as Erskine, Combat Stress, the Soldiers, Sailors, Airmen and Families Association, and others.

It would also be right to congratulate the Prime Minister in this debate on his first Queen's Speech since taking office. He has waited a long time to govern and I genuinely wish him well. I am not sure that the Queen's Speech had the content of a vision honed over so many decades, but we will wait and see.

I should also like to pass on my best wishes to my right hon. Friend the Member for Banff and Buchan (Mr. Salmond), the First Minister of Scotland, who is currently in Sri Lanka as part of the Commonwealth games bid. We hope that he and Steven Purcell, the leader of Glasgow city council, and the delegation will come back having won that bid. That venture illustrates the fact that, where there is a will for bipartisanship in Scottish politics, progress can be made.

I am delighted to make this contribution to the Queen's Speech debate, my first since becoming leader of the Scottish National party in Westminster. I am mindful that this month is the 40th anniversary of the Hamilton by-election, which marked the start of 40 years of continuous representation by the SNP in this House. I was with Winnie Ewing, who won that important by-election in Scottish political history, last week, and she is still very energetic.

Unfortunately, it is what is not in the Queen's Speech, rather than what is in it, that causes me, and many others, the greatest disappointment. The proposed constitutional reform Bill is supposed to make government more open, transparent and accountable. However, it does not deal with the West Lothian question, which has been mentioned by many hon. Members. I do not agree with the hon. Member for Linlithgow and East Falkirk (Michael Connarty), who discounts the discrimination felt in England. It is palpable; it exists; it is real. It is there, and all this dancing on a constitutional pinhead about the subject cannot get us away from the fact that there is a gross injustice to English Members in this House. When certain matters are now, rightly, discussed in the Scottish Parliament, English Members are rightly not allowed to take part in those discussions. However, Scottish MPs of all parties are able to cast their votes on matters that might be unpopular in England and might not even have majority support, and win arguments over matters that are devolved. That is an iniquitous situation. Of course, independence for Scotland—and, in consequence, independence for England—would be the most elegant, fair and equitable solution, but in the meantime it is right for the SNP to continue to abstain on English-only matters. I would urge Members of the UK Unionist parties to follow us in so doing.

The constitutional reform Bill misses a great opportunity to deal with the dispute over funding arrangements in the UK. Conservative Members have expressed a view that Scotland is being subsidised. Why, they ask, should the taxpayers of Penrith and The Border pay for expenditure in Scotland? I do not believe that that is happening. Scotland actually contributes more to the United Kingdom coffers than vice versa. It would be a sad indictment if, after 300 years of this Union, a UK Government had put Scotland in the economic position whereby, despite being the largest oil producer in the European Union, it was a subsidy junkie. Ironically, that is the argument being put forward by Labour and Conservative Members on this matter.

The elegant solution is independence, but short of that, there is no reason why we should not have fiscal autonomy within the UK. Let us end the debate. Let us end the argument. Let all taxes raised in Scotland be paid to a Scottish finance ministry and, if we remain part of the United Kingdom, let us arrange the level of contribution for shared UK services. That is what happens in the Basque country within the Spanish state. It is a workable model; why is it not being looked at?

The former leader of the Liberal Democrats, the right hon. Member for Ross, Skye and Lochaber (Mr. Kennedy), who is no longer in his place, referred to unholy alliances in the context of the constitutional

future of these islands. I note with interest that a summit was held yesterday in Edinburgh involving Labour, the Conservatives and the Liberal Democrats. People might talk of unholy alliances, but that would be unfair. I hope that they are all taking part in the national conversation, which was launched by the Scottish Government and which is already the most successful consultation in Scottish Government history. I hope that they are working to put forward constructive suggestions that will result in more powers accruing to the Scottish Parliament.

The Labour party has now changed its position and joined the other two UK parties in agreeing that the constitutional settlement is not complete. I agree with that. I agree with the UK parties—shock, horror! Perhaps that will be the headline in some newspapers. I am pleased that the Scottish Government are prepared to give the people a choice. We hear a lot about that in this Chamber: let the people decide. On all the options—the status quo, more devolution, and independence—we should let the people decide. Unfortunately, however, this matter is not in the constitutional reform Bill, and that is sad. It is sad because the Labour Government have conceded that this is not a finished work; it is a work in progress. Even today, we have seen the Secretary of State for Wales confirm that more powers are being devolved to Wales in a series of policy areas. Of course, the Labour party is in coalition there with Plaid Cymru, the party for Wales, and perhaps Plaid Cymru's positive influence is helping that process. The UK Government must get to grips with these matters sooner rather than later, and not run away from them. The Queen's Speech has missed an opportunity to do that.

Sadly, we have not been given much detail of what will follow in the legislation, but I have looked through the Queen's Speech to try to work out which issues will be reserved and which will be devolved, and which might be of interest to Members of all parties in regard to what is happening here and what is happening further north. Many Members have mentioned housing today. I have not seen among the details that the Government have promoted whether they intend to freeze the right to buy council houses and to take immediate steps to remedy the housing shortage. I have not seen that in the Queen's Speech, but the Scottish Government have announced that that will happen north of the border. I think that that is a good thing, and I hope that UK Ministers will consider it here as well.

On health care, we have heard a pledge to meet cancer waiting time targets by the end of this year and to abolish hidden waiting lists. The Government have also announced the raising of the legal age for buying tobacco from 16 to 18 from October 2007. They have also announced a U-turn on the closure of many accident and emergency services. I am not sure whether these measures were in the Queen's Speech, but they are certainly being implemented in Scotland at the moment. Furthermore, NHS staff there are now seeing their full pay deal backdated and implemented, ahead of the rest of the UK.

Michael Connarty: I hope that the hon. Gentleman will not mind if I raise two points with him. First, I understand that it is the policy of the Scottish Government to ban the right to buy new council houses. The hon. Gentleman will be aware that Midlothian council is building 1,000 new houses and that, under the present legislation, without any need for change, people will not be allowed to buy them. That provision was in place before any initiatives were taken by the Scottish Government. Secondly, he mentioned accident and emergency services. I noticed that his colleagues—MSPs and local councillors—campaigned to return accident and emergency and trauma services to St. John's hospital in West Lothian, which serves my constituency. I understand that that is not now going to happen, and that the Health Minister has said that the trauma facility will not be returned to St. John's.

Angus Robertson: The hon. Gentleman raises some important points, and no doubt he will take them up with the Scottish Government. He is right to say that the measures on the right to buy relate to new build council housing. I am not acquainted with the issue of St. John's hospital, but I would be happy to discuss it with him later.

Vulnerable children are discussed in the Queen's Speech, but I have seen nothing about how asylum seekers' children will be treated. I know that, in Scotland, they are to be given the same rights as other children in Scotland, in regard to tuition fees and free nursery provision. That is a good thing, and I should be interested to know what the UK Government are going to do.

I am glad that the Scottish Government have made a commitment to set a target to cut carbon emissions by 80 per cent. by 2050. That is a more ambitious target than the one adopted by the UK Government and I should be interested to know why they have not followed the lead of the Scottish Government in picking a more ambitious target.

There is a whole series of other matters within the ambit of the Queen's Speech where the Scottish Government have made tremendous strides forward. I hope that UK Ministers will look and learn from what is happening on energy matters and on congestion and road tolling, which has been got rid of for the Forth and Tay bridges. On education, the graduate endowment has been scrapped and an extra £100 million found for universities and colleges, not to mention the piloting of free school meals for years one to three in primary schools. I believe that those are positive measures, in respect of which the UK Government could learn from the SNP Government in Edinburgh.

Turning to deal with two particular matters in the Queen's Speech that relate to the whole of the UK, I first want to raise the serious issue of anti-terrorism legislation. I say to the Government Front Benchers that we are pleased with the ongoing talks between ourselves, including Plaid Cymru, and the Home Office. I was present at those meetings, which have taken place over the last two weeks. The Government are well aware of the difficulties that our parties have had over the extension of pre-charge detention beyond 28 days—unless appropriate safeguards are in place. I very much hope that the Government return with the supporting evidence to validate the case for detention beyond that time scale.

[Angus Robertson]

The second important matter is the European Union Bill. I see the esteemed Chairman of the European Scrutiny Committee, on which I serve, in his place. Government Ministers have known for years that, from a Scottish perspective, there is a fundamental problem with the text in the original draft constitution, continuing now with the draft European reform treaty text. It concerns the exclusive competence of the EU over fisheries matters, and the entrenchment of the common fisheries policy within the treaty.

Anyone who knows anything about the existence of fishing communities since the start of the common fisheries policy knows that it has been the greatest disaster yet in European Union policy making. Yet the UK Government have agreed to the enshrining of the CFP as an exclusive competence within the reform treaty. It was signalled to the Government that unless changes were sought, that would have consequences for the SNP's position—and we should remember that the SNP is the most popular party in Scotland. Should there be a referendum, that matter would hold great weight with the voters of Scotland. That signal has been ignored. For that reason, at its recent conference, the SNP took the view that it would back measures in this House for a referendum. Having committed to it on the constitution, we were honour-bound to do so if the text was not changed on the reform treaty. I signal to the Government now that they have little time left to get changes to the text, which is what they must do if they want our position to change—*[Interruption.]* I note that the Minister for Science and Innovation is rolling his eyes; I do not know whether that is because he does not believe that the fishing industry is important or whether he is just bored with the subject.

Something that the Minister should not be bored with is the matter of political party funding. I am sorry that the Secretary of State for Northern Ireland, who was in his place earlier, is not here now, as an important element to this debate has not to my knowledge been raised thus far. It is well known that the Hayden Phillips inter-party talks have involved the three UK parties to the exclusion of the Northern Ireland parties, Plaid Cymru and the SNP. It became apparent only within recent weeks that the three UK parties were discussing a deal in respect of the state funding element that would see votes for the UK general election weighted at 50p a vote, while elections for the Scottish Parliament, the Welsh Assembly, the Northern Ireland Assembly and the European Parliament would be weighted at 25p. It would be helpful if the UK parties clarified their position on whether they believe that that is fair or equitable. The result of instituting that sort of discrimination will, I think, come back to bite them. There are issues around trade union affiliation fees and how they would skew a package, but this issue of the state funding element certainly needs to be looked at.

I am mindful of colleagues who want to contribute. A number of us made commitments to speak at less length than previous colleagues, who all had excellent points to make. Let me conclude on the point that the Queen's Speech is, sadly, full of missed opportunities—opportunities that could have improved governance in Scotland and the rest of the United Kingdom. From my perspective, representing my party, which always puts the interests of the people of Scotland first, the worst aspect is the omission of any measures to improve Scotland's governance and to give us the ability to accord the Scottish economy a competitive advantage in a globalising world. The absence of measures to achieve that at a time when the UK Government are considering the matter of variable corporation tax in Northern Ireland is beyond me. Those issues need to be and must be looked at.

The constitutional settlement in the UK is not a finished piece of work, not just because of iniquities in England—which there are—but because there is a demand in Scotland for further powers. There is an understanding in Wales that there have to be further powers for the Welsh National Assembly and its Government. The UK Government need to get their heads around these matters; if they do not, it is the likes of the Scottish Government who will put the matter to the people. If that happened, I believe that we would see an overwhelming vote for the Scottish Parliament to have more powers.

8.15 pm

Mr. David Amess (Southend, West) (Con): This is the Gracious Speech that should never have been. The reason I say that that, as we all know, there was going to be a general election. Frankly, having listened to the Gracious Speech, I wish that that general election had taken place.

I would like to make a number of points before going into the detail of the legislation. My right hon. Friend the leader of the Conservative party intervened twice in the Prime Minister's speech. On both occasions, his interventions could not have been more telling. He first asked the Prime Minister to look him straight in the eye and comment on inheritance tax and then again on the general election. The Prime Minister will live to regret his reaction on both those counts.

I had been looking forward to the end of the Blair years and to welcoming a new era. In a very short space of time, however, I have become somewhat disappointed. I have no doubt that the Prime Minister had intended to call a general election in 2009. I cannot understand how he listened to the advice of people who may not have been in politics for a great length of time, as that put him in a position that has destroyed any reputation that he might have had. As far as I am concerned, the dithering over the general election is the ERM—the exchange rate mechanism—moment for the Labour party. Labour will not be able to have the election in 2009, as originally intended: it will have to go on to the bitter end. The longer this rotten Labour Government go on, the more Labour Members will be concerned about their seats.

My right hon. Friend the Leader of the Opposition was absolutely right when he said that the Prime Minister was treating the general public as if they had no intuition whatever as to what the Labour party was about. The Prime Minister has spun this Government as a new Government. For goodness' sake, the Prime Minister was elected to Parliament in 1983 and he has been running the Government since they were elected in 1997. There is nothing new about the deputy leader of the Labour party either: she was elected in 1982. The idea that this is a new Government is absolute nonsense.

There was a wonderful article about the Gracious Speech in one of our national newspapers. It was entitled "What is the point of all this legislation?" The hon. Member for Thurrock (Andrew Mackinlay) made some similar points earlier. The article stated that today marks "the final curtain" on "the Blair years". It continued:

"In 10 years, there have been 455 Acts of Parliament... and thousands of statutory instruments".

There have been

"reforms of health and education",

but they have been "piecemeal" and lacked any real "vision". There have been

"two dozen criminal justice Acts, aimed principally at tomorrow's headlines rather than making the streets safe, the legislative effort should have been expended on proper, lasting and effective reforms of public services. Last week's population figures showed how exposed we now are to our hospitals, schools and transport network being overwhelmed by a greater number of people than was ever planned for."

It continued:

"Over the 10 years of Blairism, Labour has brought in six Acts on immigration, seven on terrorism, a dozen on education, 11 on health and social care, and 25 on criminal justice. It has created new crimes at a rate of nearly one a day and passed more than 32,000 statutory instruments."

That says everything about this Government.

The article went on:

"Cleaning hospitals is a laudable ambition, but...three years ago there was a health and improvement Bill, giving new priority to infection control in hospitals. Why did that not work? What is the point of all this legislation—

including that in the Gracious Speech—

"if it does not actually make any difference?...most of it is useless. There have been measures introduced in the past 10 years that were repealed before they even came into force."

This is a Government who have absolutely no direction.

I want to address eight points in the Gracious Speech in a little detail. First, I shall deal with the proposed constitutional reform Bill. The gap has certainly widened in the balance of power between the Government and Parliament over the past 10 years. Why? It is entirely the result of the former Prime Minister. A balanced working relationship between the two, built on mutual respect and accountability, has increasingly been eroded. Without any doubt, the driving force behind that was Mr. Blair. His presidential style and general disregard for the opinion of both Houses has created the need for a rebalancing of power. My goodness, could he not wait to get out of this place?

People are no longer keen to participate in democracy and distrust political decision makers. I blame that entirely on the Labour Government and the former Prime Minister. Their emphasis on soundbites and spin has done much to damage Parliament's standing. Having spoken on the first day of every Gracious Speech since 1983, I can say without hesitation that the attendance today is unfortunately an all-time low. Where are the Government Members to support the Queen's Speech? There are nearly double the number of Opposition Members here. The Whips cannot even organise enough Labour MPs to come in and say good things about the Gracious Speech.

The constitutional reform Bill might appear to some to be an attempt to correct the damage sustained by Parliament as a result of the previous 10 years of Labour Government. It is somewhat ironic, however, that the Bill is proposed by the current Prime Minister, as he served throughout the Blair years, and told Mr. Blair what to do half the time. The present Government wish increasingly to devolve power to local bodies; they should get on with it. They have had 10 years to do something about it, but over that time they have done everything possible to destroy local government. Southend, which I share with my hon. Friend the Member for Rochford and Southend, East (James Duddridge), has been undermined by not having enough money to maintain services. If we wanted to put up the council tax, we would be capped.

Furthermore, I am surprised that the human fertilisation and embryology Bill has not been mentioned, as I am very concerned about it. I spoke during the passage of the 1990 Bill, and many of us who were concerned about allowing experimentation on human embryos up to 14 days have been proved right. The Minister for Science and Innovation shakes his head in disagreement, but the idea that we would put in place the wherewithal to police laboratories to allow experimentation on an embryo of 13 days old, but not on an embryo that is older, is a nonsense. The authority that came into being in 1990 has turned out to be shambolic.

All the promises made of cures found as a result of experimentation on human embryos have been proved wrong. To date, as Ministers have confirmed in reply to numerous questions that I have asked, extensive embryo research has produced no significant breakthroughs whatever, and nor has embryonic stem cell research. Adult stem cell research, however, has been far more successful. Even at this late stage, therefore, the Government should reflect on the Bill.

We have a marvellous Freeview television now, on which I saw the Minister with responsibility for public health say to the Science and Technology Committee that there was no scientific evidence to show that Parliament should consider the present law whereby abortion is lawful up to 24 weeks. That was an incredible statement. Before the last general election, when the three then party leaders were asked their view on abortion, they said unanimously that their constituencies had special baby care units that now save babies at 23 and a half weeks, 23 weeks and some even at 22 and a half weeks. We know that those babies have lung development problems and so on, but for the Minister to say to that Select Committee that there were no grounds for reconsidering the matter was extraordinary. I salute my two colleagues who then decided to issue a minority report.

I pray in aid the words of the noble Lord Steel, the architect of the Abortion Act 1967, who said recently that abortion is being used as a form of contraception in Britain, and admitted that he never anticipated anything like the current number of terminations when leading the campaign for reform. I am therefore fearful of the Government's proposed Bill being used by some parliamentary colleagues to make having an abortion in this country even easier. I believe that if that does happen, a large number of hon. Members will fight, word by word and line by line, to ensure that the abortion laws in this country are not weakened further.

[Mr. David Amess]

Then there is the criminal justice and immigration Bill, whose proposals read as a long list of Government failures. I believe strongly that over the last 10 years Britain has become a fundamentally unjust country. It is ridiculous: Home Office Ministers wake up in the morning and decide "We will make another law: we will make something else illegal", although we all know that it is up to chance whether any of those laws are enforced. The criminal justice system has been very badly damaged. Despite the introduction of more than 30 separate criminal justice Acts and the creation of more than 3,000 new criminal offences since Labour came to power in 1997, crime has continued to rise significantly.

The Government are behaving as if they were still in opposition. The truth about the Labour party is that it is no good in government; its expertise is in opposition. Labour Members are very good at moaning about everything, but what happens when they are given power? If anyone were to ask whether the country is any better today than it was in 1997, the answer would be "Absolutely not", and history will show that the last Prime Minister failed the country very badly.

Let me say a word about the police. We used to have the best police force in the world, and the best judicial system in the world. Now our police are just like those in the rest of the world, and our judicial system is just like that in the rest of the world. I am sick to death of being invited to go on all-night rides around the town watching what goes on among people who are committing crimes. I have done that. I have been there. I invite those police officers to spend a day with me, as a Conservative Member of Parliament. We know what the problems are, but the solutions are another matter, and I think the "Panorama" programme that we saw during the summer recess was very telling indeed.

Given the recent behaviour of the chief of the Met over the de Menezes case, his position is absolutely untenable. It is outrageous. If the man running the police force is giving this sort of lead, no wonder officers are in open rebellion. If there is one thing the Government have done that has been more damaging than anything else, it is the way in which they have ruined our criminal justice system.

Given that we have wasted all this money on the investigation into cash for honours—£1.5 million, we now discover—was it surprising that the Crown Prosecution Service did not proceed? The gentleman who runs the CPS is a staunch Labour supporter, for goodness' sake: he was never going to go ahead with the prosecution. I think that when there is a general election, Labour will be judged on that as well.

Andrew Mackinlay: Throughout the long, tortuous business of cash for honours, I was desperate for someone to ask one question. Could someone explain how that man called Lord Black, from *The Daily Telegraph*, managed to get his peerage? He is a Canadian, and also, I understand, a Conservative peer—a Conservative peer who, even before he was in trouble, did not turn up at the House of Lords very often. By what divine intervention was he selected to become a Conservative peer? Presumably it would not be to do with anything as grubby as money, would it?

Mr. Amess: I have no knowledge of such matters, but I do intend to touch briefly on party political funding, and the hypocrisy surrounding that particular issue.

Over the last 10 years, it has become very plain that the Government do not have a clue about immigration. We no longer have controls over our borders, and the system is an absolute shambles. Anyone who has arrived at Heathrow airport recently will have been subjected to the queues that grow ever longer as the Government—presumably—begin to panic over the situation. A sensible and carefully considered immigration policy is clearly beyond their capability. In contrast, recent remarks by my right hon. Friend the Leader of the Opposition about the importance of a well-balanced immigration debate were praised by the chairman of the Commission for Racial Equality, Mr. Trevor Phillips. I had never considered Mr. Phillips to be a known supporter of the Conservative party.

The Gracious Speech also features a counter-terrorism Bill. Every Member in the House knows that we face a huge security challenge. I do not have a solution to the situation where someone is prepared to take their own life so that others lose their lives. I cannot think of any sort of deterrent. All of us are struggling to come up with a solution but I say again that I will regret for ever more that I voted for the war with Iraq. I believe that it is now permissible for me to say that the former Prime Minister, Mr. Blair, said things at the Dispatch Box that I believed, which is why I voted the way I did, and we now know those things not to be true. I much regret that I did not join my 18 colleagues and vote against that measure, but all of us will support the Government in trying to combat the threats that we face from terrorism. However, I certainly am not keen on extending the powers of detention beyond the present 28 days. That seems against the British spirit of common justice.

After those gloomy words, I am going to welcome two Bills in the Gracious Speech: the Climate Change Bill and the energy Bill. I and many hon. Members receive a huge amount of correspondence and campaign cards on those issues. Climate change is having and will have a huge impact on us all. Never has the need been so pressing to find effective ways of reducing carbon emissions and at the same time of ensuring that those efforts are not to the detriment of our economic growth and competitiveness. I am delighted that Mr. Gore has received his honour but when I look back on the Clinton- Gore years—the pair of them ran the United States of America for eight years—I am a little puzzled as to why, when it came to the point when they could have done something, it seemed that American business stopped them. Anyway, we all welcome sinners who repenteth.

I have long been an advocate of promoting energy efficiency as a means of reducing environmental impact. I am proud to say that I introduced what became the Warm Homes and Energy Conservation Act 2000 in order to alleviate fuel poverty by providing domestic insulation and other energy-efficiency measures. Of course I am not particularly pleased that the target year seems to be slipping, but there we are—that is the way of the Government these days.

The Bill that I piloted through effectively championed the benefits of maximising the energy produced by the burning of fuels for domestic heating. The Bill had as a

central theme the enormous benefits that can result from efficient use of energy. Thousands of people throughout the United Kingdom have benefited from that private Member's Bill. I welcome the measures in the Bill proposed in the Gracious Speech that seek to reduce our carbon emissions and yet make provision for the need to maintain our overall economic performance. I believe, however, that to be a robust and effective piece of legislation the Climate Change Bill should include a genuinely independent body to set targets and not merely to monitor them. There should be provision for rolling year-on-year targets and an annual carbon budget report, with any new measures being subject to approval in Parliament.

I welcome the provisions in the local transport Bill in that they are designed to give local authorities the right mix of powers to improve the quality of local bus services, but my hon. Friend the Member for Rochford and Southend, East and I have a challenge as far as local buses are concerned because we do not have too many in Southend. The reason for that is that the Government—we have the former Deputy Prime Minister to thank for this—have starved Southend of money through the local government finance settlement. Local authorities must be empowered to make the decisions on local matters that they, and not central Government, have the background knowledge to make. Having long been in consultation with my local authority on public transport issues, I know precisely what Southend-on-Sea borough council would like to see in that Bill.

The Government have introduced a number of public transport initiatives, but they have often failed to support them with adequate funding. The national concessionary fares scheme is part-Government, part-local authority funded. However, Southend-on-Sea borough council is struggling to fund the local scheme, as the Government grant is simply not a significant enough contribution to enable us to take that measure forward. The Government must not leave councils to fund initiatives that they instigate. The Bill on this issue must address the funding inequalities that are undermining the concessionary fares scheme in Southend. It must ensure a level playing field for negotiations between local authorities and bus companies, and help local authorities to deal with unruly and intimidating behaviour on public transport. The public are often discouraged from using public transport, especially at night, as they fear the behaviour of certain individuals. Local authorities must be given help in order better to tackle antisocial behaviour on public transport, and help to ensure that such services are accessible to all.

I know that the Gracious Speech suggests that other Bills will be introduced, but I am very disappointed that there is no certainty about a marine Bill and a Bill on copyright and associated miscellaneous provisions, which would receive widespread support. I welcomed the introduction last year of a draft marine Bill, which was designed to offer protection to marine environments. However, it suffered severe delays to its progress during the last Session, and the Government appear to have failed to come forward with a new such Bill for the new parliamentary year. I recently participated in a wonderful campaign, organised by the Wildlife Trust—the local launch was at Chalkwell junior school—to lobby the Government to include a marine Bill in their list of priority Bills. Youngsters are particularly enthusiastic about such a Bill, and I urge the Government to rethink their commitment to this legislation.

Earlier this year, under the ten-minute rule, I introduced a Copyright (Miscellaneous Provisions) Bill, which I understood the Government were very much in favour of. It was intended to tackle the growing problem of internet piracy that is costing the British music industry millions of pounds in lost revenues each year. Online copyright theft and its impact on the music industry and associated British artists is a seriously pressing issue, and I am rather disappointed that the Government have not introduced a measure to assist in that regard.

The hon. Member for Thurrock (Andrew Mackinlay) mentioned cash for peerages earlier, and it is suggested in the Gracious Speech that measures will be introduced to sort out political funding. I find this a disingenuous debate. I voted against the £10,000 that has been made available to all Members of Parliament to—let us be frank about this—promote themselves. Of course, it will help Members in marginal constituencies. Such things cannot be party political, so endless photographs will be taken of them and reference will be made to how wonderful they are; these will be all-singing, all-dancing affairs. Now that there will not be a general election until 2010, those Members will have three years in which to spend taxpayers' money making themselves more cuddly to constituents.

The Labour party has been angered by the fact that a Conservative peer is giving a little bit of money to various candidates throughout the country, so the Labour Government are introducing legislation on this issue. However, it is interesting to note that we have not heard any details about the trade union support of Labour Members. We all know that, frankly, many trade unionists are staunch Conservatives. It is very wrong if the Government intend to introduce legislation that does not deal with the Labour party funding of individual candidates in general elections.

There is nothing new about the Government. They are a failed Government. They are an incompetent Government. They are a rotten Government. If the Prime Minister is so confident, as he appeared to be at the Dispatch Box today, why did he not call a general election last month?

8.44 pm

Mr. Paul Burstow (Sutton and Cheam) (LD): I want to pick up on a couple of the points that the hon. Member for Southend, West (Mr. Amess) has been talking about, particularly the last one about the arms race between political parties in terms of election expenditure and pre-election expenditure. Surely what we need is some form of cross-party consensus. Surely that is what the talks were trying to achieve. It seems a pity that those talks have foundered, rather than carrying on to try to find a way to reach some conclusions. It is an interesting use of the word "little" in respect of Lord Ashcroft's contribution of financial largesse to the Conservative party.

James Duddridge (Rochford and Southend, East) (Con): Will the hon. Gentleman give way?

Mr. Burstow: Yes, if the hon. Gentleman will tell me how much Lord Ashcroft is giving.

James Duddridge: Does the hon. Gentleman agree that the sum is little relative to the large amounts that the trade unions present, not little in absolute terms?

Mr. Burstow: I would agree that we have an arms race and that we should negotiate down spending, rather than spending even more. That is the problem with what the hon. Member for Southend, West is suggesting. Simply criticising those on one side of the argument does not really help; a consensus is required. I hope that the legislation that is introduced will provide us with a route through all this.

The reason I want to speak in the debate today is particularly to address one of the measures in the Queen's Speech. I will not cover the full range of measures that it sets out. The measure that I want to talk about partly reflects something that the hon. Gentleman was talking about: the fact that successive legislation has created a new architecture for aspects of health and social care regulation and inspection over the past 10 years. That has been done in a piecemeal way, and yet another piecemeal change to the system is proposed in the health and social care Bill that will shortly come before us.

In essence, the proposal is to bring together the Commission for Social Care Inspection and the Healthcare Commission to form a new body, to be called the body for care quality. That may well be the right thing to do. Indeed, during the passage of the legislation that set up the two separate commissions, I argued very strongly that we should have a single commission that would be consistent in following the needs of people in different care settings as they went through their journey in the health and social care system, and ensure that good quality care standards were met wherever the person might be.

The danger now, however, is that we have already been through two sets of changes to the way in which we organise social care inspection and regulation. The National Care Standards Commission was set up only to discover on its first day of operation that it would be abolished and replaced with the Commission for Social Care Inspection. Now the Commission for Social Care Inspection will go the same way.

All reorganisations lead to managerial loss of focus. They almost inevitably result in people wondering and worrying about their own futures, perhaps more than about the people for whom they are meant to provide a service. The organisation that will be established under the Bill also runs the risk of a loss of focus on social care generally, because the focus tends to be the big relation—the health service. As a result, social care will become even more of a poor relation in the new organisation.

I am concerned about the Bill because it is a missed opportunity to get the regulation right and to deal with the abuse of older people in this country. Earlier this year, the Government funded a study, along with Comic Relief, that was undertaken by King's college London and the National Centre for Social Research. Quite rightly, the Government wanted to establish the true prevalence of the abuse of older people. It was the first time that such a study has been done, and the Government are to be applauded for funding it.

The study found, as a top line, that 342,000 people over the age of 66 are victims of one form of abuse or another. I am talking about things such as fraud or theft; psychological or emotional abuse; assault, including the use of restraint, ranging from physical restraint to the use of chemical restraints; and even rape. When we drill down into that figure of 342,000, we find that 105,000 people suffered 10 or more instances of neglect and that 42,500 people were the victims of sexual abuse. Furthermore, if we look at how the research was done, we see that it excludes everyone in care homes and anyone in the community with dementia. So although the figure is disturbing—342,000 people over the age of 66 suffer from abuse—it is not the complete picture. More of our fellow citizens suffer from abuse than the survey suggests. That is why there is an urgent need to move from a system of voluntary guidance to one in which there are legal protections for vulnerable older people.

The case that I am making is not new. That compelling case has been made for over a decade. It was made in 1995 in a Law Commission report, in 2004 by the Select Committee on Health, and this year by the Joint Committee on Human Rights. I have a concern about the Bill in the Queen's Speech, but I hope that, even at this stage, we can use it to deal with three serious gaps. The first is a need to close the loophole in the Human Rights Act 1998 that means that private and voluntary sector-run care homes are outside the scope of the Act. Secondly, we need to give the new commission that is to be established under the legislation the power to investigate individual complaints; there is uncertainty about that. Thirdly, there should be an accessible and effective statutory procedure that protects vulnerable adults at risk of abuse.

To take the last of those three points first, the Law Commission made proposals to close the protection gap back in 1995. It said that it had no confidence in the adult protection procedures that existed at the time. The problem is that there has been no change since then. It also proposed that social services departments be given powers to protect vulnerable adults similar to those that exist for protecting children: a duty to investigate; powers for magistrates courts to issue entry warrants, temporary protection orders and removal orders; and an offence of obstructing officers acting on behalf of the court. I do not understand why, in 10 years, such sensible proposals by the Law Commission have not been enacted. The Court of Appeal acted to fill the vacuum. In 2000, the Court expressed grave concern about the obvious gap in the legal framework. Lord Justice Sedley said that the Court had to

"speak where Parliament, although the more appropriate forum, was silent".

That led to the creation of a new procedure for protecting vulnerable adults called the declaratory relief, but the courts did not intend it to be a substitute for action by Parliament. That is why the Queen's Speech disappoints; it is yet another Queen's Speech that misses the opportunity to act to close the gap.

It may seem odd that much clearer legislation should be needed to make it obvious that regulators of our care homes should investigate complaints about the services that they regulate, but it does appear that such legislation is needed. The Commission for Social Care Inspection said that it does not believe it has the power to investigate complaints, yet complaints are surely a

critical part of ensuring compliance with standards through the system and of ensuring that we drive standards up, rather than accept standards below those for which the House has legislated. The Commission for Social Care Inspection is moving from a two-inspection-a-year system to a system in which there is self-assessment most of the time and in which most care homes will have an inspection once every three years.

The commission says that the responsibility for investigating individual complaints rests not with it but with local authorities. However, local authorities do not have the power to do the job that the commission says they should be doing. In particular, people who self-fund—those who pay for their care and are not funded by local authorities—seem to be excluded from any recourse.

The complaints gap leaves frail, vulnerable people with no one to turn to when things go wrong and they need to complain, except for the people who run the home. The Joint Committee on Human Rights was right to say that complaints should be investigated by an independent third party. That is what I hope the proposed legislation will ensure when it comes forward. That is one reason why I am so disappointed with the Queen's Speech.

Finally, there is a rights gap. It is absurd that vulnerable older people in private and voluntary sector-run care homes are not within the scope of the Human Rights Act. That gap was identified by the courts five, six or seven years ago. The Act should apply in all circumstances, but it does not. It applies to council-run care homes, but if the council pays for care in a private or voluntary sector-run home, the writ of the Human Rights Act does not run once someone has crossed the threshold.

Ten years after the Government came to power, and despite the compelling case for tackling the scandal of elder abuse, we do not have a legislative framework that is fit for purpose. The Government responded to the Climbié case, which convulsed and led to a change in the child protection system, but we should not have to wait for an older person to become a victim of the tragic circumstances that led to the convulsion of that system to achieve the necessary changes to protect our seniors. The reality is that someone who is the victim of abuse at the age of 80 will probably be dead before justice is done, which cannot be right. It is surely time that Parliament did what the Law Commission recommended 10 years ago, and legislated to provide the safeguards that older people need. I hope that that is what will happen when the Queen's Speech turns into legislation.

8.56 pm

Mr. Desmond Swayne (New Forest, West) (Con): Mr. Deputy Speaker—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The hon. Gentleman is very lucky, as I have not called his name. However, I intended to do so.

Mr. Swayne: Thank you, Mr. Deputy Speaker. I am sorry for pre-empting you.

We saw some extraordinary effrontery from the Prime Minister this afternoon in that great moment of theatre when he leaned across the Dispatch Box and demanded that the Leader of the Opposition intervene and answer his question. I shall paraphrase, because I have not had an opportunity to secure a copy of the report for greater accuracy: if the Leader of the Opposition came to power after the Prime Minister ratified the treaty, would he give the people of this country the referendum that the Prime Minister certainly would not give them before he ratified the treaty? Essentially, that was the question he asked, thus drawing attention to the great hole in the Queen's Speech: the missing referendum Bill that we were promised on the European treaty by every single political party—or the three main political parties—before the last general election.

The Prime Minister's question may have to be answered at some stage. We may have to cross that bridge if we come to it, but our focus must remain on the here and now—on the Queen's Speech and securing a referendum in this legislative programme—and not on answering a question about what might happen if we fail, thus introducing a note of defeatism and allowing the Prime Minister off the hook by concentrating on something that may never happen. The Prime Minister is deeply embarrassed about the fact that he is not going to hold a referendum, although he said that he would and he knows that many people want one.

That goes to the heart of our problem as a political caste. I was once a schoolmaster. Boys hung on my every word and gave me respect—their grades at A-level depended on it. I moved on and took up a career in banking. Rather more than is the case these days, people had some respect for bankers and their opinions—after all, their loans might depend on it. Now, as an elected representative and a member of the professional political class, I find that I am held in utter contempt by most people whose doors I happen to darken. They turn round and say, "You're all the same. It doesn't matter who gets in, you break all your promises." We cannot complain because we know that they are right to some extent. It is their perception that politicians promise all sorts of things that they have no intention of delivering, and that goes to the heart of their loss of faith in politicians. The people were promised a referendum, and now they will not have one.

In my view, a sacred principle is at stake. It was best enunciated by a former Member of this House, Tony Benn, who said that we do not dispose of power of our own in this Parliament but are merely stewards of the power of the people, which we should hand back to the people intact at the end of our sojourn. By introducing a treaty that hands over power that we cannot then return to the people of this country after we have disposed of it is to break that principle. When one contemplates breaking such a principle, it is absolutely necessary to seek the consent of the people in a referendum before doing so.

Simon Hughes: I respect many of the hon. Gentleman's views, but he is wrong on that point, as he would discover if he were to look at the treaty. One of the interesting and important things that the treaty

[Simon Hughes]

does is expressly to allow for the first time the right of a signatory country to leave the European Union, which is exactly not what he is arguing. The treaty would allow power to be taken back, if a country were to decide to take that course.

Mr. Swayne: Indeed, but at what cost? To use a simile, we are in the same position as the leaseholders of a small block of flats who think that they have a share of the freehold as well as being leaseholders but suddenly discover that, by whatever legal device or trickery, they do not have the freehold and the freeholder is about to sell the building. In that case, we might go to all sorts of lengths to announce our determination to buy back the freehold when we have the means, but that would depend on the freehold being for sale, which we cannot guarantee.

We cannot guarantee that we can reverse the provisions in the treaty, because it will require the unanimous agreement of the other members of the European Union. It is all very well saying, "There is a nuclear option. You can go," but the British people might not want to go—they might want the status quo ante, which is an option that should be offered to them and which was pledged to them in a referendum.

We had a debate earlier in the evening, when there were rather more of us. As an aside, a number of hon. Members looked across at the expanse of green leather on the Government Benches and said how shocking and awful it was that there was no one there to speak on the Queen's Speech, but then they went on at such great length that it might explain the expanse of green leather on the Government Benches.

Leaving that aside, when we debated the referendum the hon. Member for Thurrock (Andrew Mackinlay) agreed with the Liberal Democrat position and said that the matter should be properly addressed, not by the promised referendum on the treaty but by a referendum to reaffirm our commitment to and membership of the European Union. The argument was put that the decision to join was taken a generation ago and that no one who is currently under 50 had that opportunity. I recall having that opportunity—it was my first electoral experience—and campaigning and voting in the referendum. As it happens, I campaigned and voted to withdraw from what was then the Common Market, but I accepted the decision entirely.

My son is now 18, and it is perfectly possible that he wants to reaffirm those arrangements—we cannot bind generations that follow us—but I have not detected any great enthusiasm on his part or that of his generation to reopen that question. I receive a considerable number of letters demanding that the issue be reopened, but they do not tend to come from my son's generation—they come from rather older people who claim that they were robbed and that the whole thing has turned out to be something other than what was described. I am in the fortunate position of being able to reply that it has turned out pretty well as we said it would during that campaign.

A referendum on the whole European question poses a danger, because it takes the heat off this particular issue. We were promised a referendum on this treaty, and a referendum in which people are invited to reaffirm their commitment to the entire European enterprise is a very different thing. That presents a danger, because a vote for the European Union in such a referendum, which is the likely outcome, would be used to railroad all sorts of additional changes to European Union structures in the direction of ever greater union and the ever greater federalism of the European model that has developed in the past 30 years. I suggest that a much healthier check on that process would be to have a referendum on any new treaty and any increment to the arrangements.

Let us briefly examine the history of the referendum commitment that we were given. Until mid-2004, the Government insisted that the treaty was of such little consequence—only of administrative concern—that no referendum was required. Notwithstanding that, they had already negotiated the red lines; there is nothing new about the red lines. Abruptly, the Government changed their opinion, and I have no doubt that that was to take account of the likelihood of a general election in 2005 and to deny Opposition parties a campaign on the issue of the referendum.

So it was that we were promised a referendum. Of course, given the votes in the Netherlands and France, it became unnecessary because the whole process was, apparently, dead. Of course, it has turned out not to have been as dead as we had expected. Now the referendum pledge has been withdrawn because the new treaty is, apparently, so different from the previous one. We all know what Giscard d'Estaing and almost every European leader has said about the identity of the two treaties, but the Government argue that we do not need a referendum because the treaty is different for us and we have our red lines. However, the Government had their red lines when they offered us a referendum in the first place—they insisted then that the issues were not of great consequence and that they had guarantees in the form of red lines, but said that we could have a referendum anyway.

The arguments do not hold. The people of this country were promised a referendum at the last general election; now that the treaty has been negotiated, there should be a referendum Bill in the Queen's Speech. That there is not is a gross betrayal of trust.

9.7 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): I am grateful for this opportunity to contribute to the first day's debate on the Queen's Speech. A number of themes have run through the debate; one has been about the nature of devolution and the constitution.

There are worrying aspects to how the devolution settlement is working. I have worked for devolution for years, but only on the basis that it would sustain and strengthen the Union. However, as we look towards the north of the UK, we see a Government determined for independence and separation. I find that tendency dangerous; it would be damaging not only for Scotland, but for England, Wales and Northern Ireland.

In Wales, I see an appetite for further powers to be devolved to the Welsh Assembly, and I hope that they are. However, I see no appetite for independence. It will be interesting to see whether the discussions in Scotland show an appetite for independence.

Mr. Gregory Campbell (East Londonderry) (DUP): The hon. Gentleman refers accurately to the appetite or lack of it for independence in the various regions of the United Kingdom. Does he accept that recent opinion polls indicate that although the political establishment in Scotland may be moving in a particular direction, the people of Scotland do not seem to be following that lead?

Mr. Williams: I accept the hon. Gentleman's point. Opinion polls in Scotland and Wales show little desire or appetite for breaking up the United Kingdom.

I wish to say a few words reflecting our concerns about emissions. The Queen's Speech lacks a clear green vision for the United Kingdom and for Wales. For Welsh Liberal Democrats, it is also lacking in terms of action on social justice and devolving more powers to the Welsh Assembly. This Queen's Speech, arguably more than any other, should have been a green Queen's Speech, but it has all the hallmarks of a tired and faded Brown Queen's Speech. As the Government climb down on their existing renewables targets, the announcement of the draft Climate Change Bill, while welcome, is in danger of ringing hollow. A year ago, the Environment Secretary told us that the Government were committed to generating 20 per cent. of electricity from renewable sources by 2020; now we are told that the real figure is likely to be between 10 and 15 per cent. When the Government treat their targets with such flippancy, how can we have faith in them to deliver a meaningful Climate Change Bill? The Bill proposes five-year targets which are not legally enforceable. That was criticised for not being tough enough by the Committees that reviewed it. If we are to see real action to reduce carbon emissions, the Bill must introduce measurable and tough annual targets, and Ministers must work with the Governments in Edinburgh, Cardiff and Belfast to ensure that every nation and region of the UK can make its full contribution.

The Minister for Competitiveness (Mr. Stephen Timms): I agree with the hon. Gentleman about the importance of tackling climate change, but in his comment about the renewables targets he confused two different things. The target for renewable generation of electricity is one thing, and our commitments on that stand, but he is talking about the likely proportion of all energy renewably generated, which is rather different.

Mr. Williams: I thank the Minister; I probably did not express it as eloquently as I could. However, it is still disappointing that the Government have reduced the target for the total amount of energy that will be generated by renewable sources.

Simon Hughes: We can have party political debates about these things, but out there in normal Britain, where people are concerned about these things, there is genuine disappointment and anger about that change of ambition. People who are environmentally conscious—not necessarily green activists but those who thought that there was a different mood—feel terribly let down by a Labour Government who have backed off from what was the right long-term strategic energy commitment.

Mr. Williams: Indeed. Citizens throughout the nation are intent on playing their part in contributing to the control of carbon emissions, and when they see the Government backing down on their targets they feel that they have been let down.

The Government have been forced by the High Court to consult twice on the energy White Paper, and environmental groups still have major concerns about the second consultation document, which has been accused of misleading the public over radioactive waste. By the time that the two Welsh nuclear power stations are fully decommissioned, they will have generated 150,000 cu m of radioactive waste in Wales alone—enough to fill 60 Olympic-sized swimming pools. Decisions will have to be made on where to store all that waste. Nuclear power is still unproven as regards waste disposal and whether it can be brought on quickly enough to combat climate change. It is a waste of money when compared with genuinely sustainable and clean forms of electricity generation. Putting millions of pounds into new nuclear power stations will stifle the growth of renewables, in which we need to see greater investment. We want an energy Bill that gives Wales a chance to say no to nuclear. The National Assembly should have the power to decide on new power projects and the Government should listen to the requests of the Assembly and have the courage to devolve that power to it. The Assembly should also have the power to put in place tougher building regulations in Wales to ensure that all new build must be built to higher levels of energy efficiency. I look forward to seeing such provisions in the Bill when it is published.

The Queen's Speech presented many other opportunities to devolve power to the National Assembly, but sadly it looks as though the Government plan to ignore them. The planning reform Bill is one such opportunity. As I understand it, the Bill will take planning decisions on major developments, such as new power stations and large-scale renewable energy developments, away from UK Ministers and put them in the hands of an infrastructure planning commission. The commission is likely to have two or three members from Wales, but decisions will still be made outside the country by an unelected, appointed body—a quango. Labour in Westminster has effectively ignored the request from the Assembly to devolve decisions on large energy projects. Where is Labour's commitment to devolution and local decision making?

Yet again, it is a major disappointment that there is no marine Bill in the Queen's Speech. We have been promised a Bill since 2002, and it was a manifesto commitment in 2005. Ministers finally published a White Paper in March, and progress is painfully slow. Labour has had plenty of time to get a Bill ready for the Queen's Speech, but it looks as though, yet again, we will see only a draft Bill, rather than the real thing. A marine Bill could devolve marine planning to the Assembly, creating a single spatial planning system so that Wales can make full use of its offshore energy potential and unique areas such as Cardigan bay get the environmental protection that they deserve.

While Ministers drag their heels on environmental issues, they rush to get more Home Office legislation on the statute book. The counter-terrorism Bill will be the 60th Home Office Bill since 1997, and so far new

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Labour has created more than 3,000 new offences. The contrast could not be more stark, and Ministers will have a tough task demonstrating that creating more criminal offences is a necessary and useful way to counter the terrorist threat.

The Prime Minister could have used his first Queen's Speech to make a dramatic statement on fairness in public spending throughout the UK by introducing legislation to reform the unfair Barnett formula. With the Assembly currently reviewing the formula, and given Lord Barnett's own public recognition that the formula is out of date, the time is right for a change. The crude population-based formula simply fails to take account of Wales's needs. On the key Government measure of poverty—gross value added—Wales performs more poorly than any other United Kingdom nation or region. We have a post-industrial legacy of ill health to cope with and a higher level of average mortality and cancer rates. Much of our population is spread over large rural areas with obvious consequences for public services on the cost of delivery.

Lord Barnett originally developed the formula as a temporary measure, but successive Governments have backed away from reviewing it as he envisaged and Wales has suffered the most from this unfair system. This new Government with a new Prime Minister have had over 130 days to review the formula and start consulting on change. If the Prime Minister believed in social justice, it should have been a priority for him to make a start on the process of reforming the formula as soon as he came to office, but we are still waiting.

On the theme of devolving further power and responsibility to Wales, several Bills could devolve framework powers to the Assembly to extend its competence in specific areas, such as the education and skills Bill, the health and social care Bill and the housing and regeneration Bill.

Last Session, the Further Education and Training Bill caused controversy when it failed to grant the Assembly the competence to give Welsh further education colleges the power to award foundation degrees. Many Welsh Members of Parliament were concerned that that was hidden in the Bill and that there was little time to debate the significant omission.

The Wales Office has now promised briefing sessions on future Bills that contain framework powers, and that is welcome. However, it would be helpful if it issued a written statement for each Bill that contains framework powers, giving details of the way in which the measure would extend the Assembly's competence. That would help us avoid the confusion that we experienced in the previous Session with the Further Education and Training Bill.

In this Session, the first legislative competence orders will come from the Assembly, but the protocol for the way in which Members of Parliament scrutinise the orders remains unclear. Any extension of the Assembly's powers is welcome but the process would have been far simpler if the Government had introduced a stronger Government of Wales Act in the first place, giving Wales the same powers as the Scottish Parliament rather than creating the current intricate and baffling system.

The Queen's Speech is silent on rural affairs. We recently had an adverse report from the Office of Fair Trading about the supermarkets' pricing of milk in 2001 to 2003. The Competition Commission's recent report advocated a consultation on establishing an ombudsman for the food trade. It would have been encouraging if the Government had mentioned in the Queen's Speech the possibility of setting up such a system, which would give more strength to the code to which supermarkets must adhere.

I want to speak briefly about two other important omissions from the Government's programme. A Liberal Government started the process of Lords reform in the Parliament Act 1911. In the previous Session, Members of Parliament overwhelmingly backed plans for an elected upper Chamber. The constitutional reform Bill must take forward the reform of the upper Chamber to make it fit for the 21st century.

The proposed pension Bill appears likely to stop short of taking the crucial step to reduce and end means-testing for the state pension. Wales's pensioners deserve a citizens pension, with a restored earnings link that guarantees a stable income for all and restores the incentive for people to save.

For those reasons and many others, I shall vote against the Queen's Speech.

9.22 pm

Mr. Ben Wallace (Lancaster and Wyre) (Con): It is important to remember that many of the men and women who stood on duty outside the House for the ceremony for the opening of Parliament today have just returned from conflict in Afghanistan, Iraq or elsewhere. Although the ceremony is rather ignored by the public, it is an important part of what we do. I pay tribute to the soldiers who made the ceremony what it was and performed to the highest professional standards.

Unfortunately, the Queen's Speech did not match those standards. I am always surprised to hear Her Majesty the Queen use a new Labour turn of phrase when she reads out the speech. It is getting better in her 10th year of reading it—she obviously likes phrases such as "inclusion", "step change" and "working in partnership". Doubtless it will be our privilege one day to ensure that her speech is of a slightly different tone.

I want to consider several Bills, which I believe to be important. The constitutional reform measure is clearly important, but the elephant in the room is the West Lothian question. I am a former Member of the Scottish Parliament and I therefore sat in a devolved Parliament at the beginning, in 1999. I am acutely aware of the constitutional settlement and that, as a Member of the Scottish Parliament, I could discuss anything from hunting to education in my Parliament, as it was at the time. The people of Scotland had a choice—funnily enough, in a referendum, for which the Government provided—and more than 70 per cent. made the decision.

In this House, I am the second-class Member of Parliament; the second-class citizen. It is unfair of the Government to pretend that that is not the case. I cannot ask questions about hospital policy in Kirkcaldy, Paisley or anywhere else north of the border, but Members of this House who represent

those constituencies can ask about hospital policy in my constituency. That democratic deficit and constitutional imbalance must be solved because I am a Unionist. I do not follow the end agenda of the hon. Member for Moray (Angus Robertson) and the Scottish National party. I do not want the United Kingdom to break up. I went into the Scottish Parliament as a Conservative and Unionist, to try to ensure that the United Kingdom was a stronger place.

I remember that the Government claimed that devolution would see off the nationalists. That was one of their main claims. The late Donald Dewar used to say that the nationalists would be finished with devolution. It is interesting that we have a First Minister in Scotland who is from the Scottish National party and that, if my understanding is correct, there is power sharing with a Welsh nationalist in the Welsh Assembly. The nationalists are certainly not dead; they are alive and kicking.

As the consequence of a vandalised constitution and an unfinished project, I see English nationalism on the rise, and I am not a nationalist; I am a Unionist. Unless we face those issues and try to find a solution, the Union will not last in its current form. To attack hysterically any offerings from the Opposition parties—from the Liberal Democrats and the Conservatives—as meaning the break-up of the Union is to raise the level of hysteria in a way that will only feed English nationalism and encourage the nationalists in Wales and Scotland to stoke it up. The Government need to be mature on the issue. There is a democratic deficit that must be put right, but the constitutional reform Bill simply skips that issue.

We do not know the details, although no doubt the Government will offer us regional grand committees as a sop, but that is not the solution. I implore the Government to be grown up about the debate in the next year. If they are not and if they are not prepared to discuss the whole United Kingdom, I fear that we will end up with a bodge job and we will be attacked for asking the West Lothian question. That is not surprising, because Scottish Labour, which I saw in action in the 1980s and 1990s, used to go round Scotland saying that everything from the Conservative Government was anti-Scottish. It did not say that the policies were against people from low-income backgrounds, or attack them on their merits or failings; it attacked them as anti-Scottish. Scottish Labour persuaded the Scottish people that anything that came out of Whitehall was, in the end, anti-Scottish. That is why the percentage voting for the Scottish National party is now about 30 per cent. Scottish Labour persuaded enough people in Scotland to think that perhaps independence is the right way to go.

Should the Conservative party come to power because we have more MPs in England, my fear is that the Scottish Labour party will resort to type and go back to its old ways, instead of saying, "Well, in the United Kingdom you take the rough with the smooth." In the 1970s the Wilson Government were, in effect, imposed on England by Labour MPs. Again today, the Labour majority is made up of Scottish and Welsh Labour MPs. We could easily spend our lives going round saying to the English, "It'd never happen, you know, if we just get rid of Scotland and Wales," but we do not say that. One has to take the rough with the smooth in the United Kingdom. The problem with the current devolution settlement is that it was peddled by saying, "You'd never get the Tories in Scotland if you had a Scottish Parliament," but the Government have not thought it through.

I hope that there are measures in the constitutional reform Bill to beef up pre-legislative scrutiny. One of the good things about the Scottish Parliament was that pre-legislative scrutiny was the de facto procedure. It was not in the hands of the Government to decide not to have it. I would like more of that. I would like a beefed-up Intelligence and Security Committee that has a power of investigation and is responsible to the House, not the Prime Minister. We will face more and more measures dealing with national security, so we need the confidence that the House has a handle on the security services and the agencies that will inevitably become ever more powerful. The Serious Organised Crime Agency is responsible to only one person, the Home Secretary, and is totally unaccountable to any democratic review. We must beef up the Intelligence and Security Committee.

This leads me to the proposed counter-terrorism Bill. It is amazing, given that the Government's proposals for longer detention without trial were rejected, that they have returned to the issue. They say that this is because more and more people say that they need to do so, but the evidence is not there yet. The Government have not presented any evidence that there are terrorists out there who need to be held for longer than 28 days without charge. We were told that control orders were going to be a great success, yet three of the 18 people being held under them have absconded, so they are not much cop. Why should we believe the Government this time if they could not get it right the first time?

I worked in counter-terrorism, and I can tell the House that locking people up without trial will lose the Government the consent of the community. Without that consent, they will not be able to recruit informers or to counter terrorism in the long run. Their proposals represent another short-term short cut, so that they can say that they are doing something about counter-terrorism. The United Kingdom already has the longest detention period without trial in the western world. We are the only ones doing this, so why do we want more? If the Government start to imprison people from the tight-knit Muslim communities in my constituency for longer periods, their sources will dry up. I have yet to see much evidence that suggests otherwise.

Keith Vaz (Leicester, East) (Lab): To be fair to the Government, they have not actually proposed a new time frame for such detention. The Home Affairs Select Committee is investigating this issue at the moment, and it is important that we should have a debate about it in the country before Parliament considers any new detention period.

Mr. Wallace: I am grateful to the right hon. Gentleman for pointing that out, but we have already had a debate, and the Government lost. A sizeable number of Members from his party voted against the Government. Nothing significant has changed since then. The county of Lancashire, which I represent, has

[Mr. Wallace]

a very high proportion of terrorist suspects and terrorist-traced individuals, but there is no evidence that the way to solve that problem in the long term, or even the medium term, is to start sweeping people into jail. I would be amazed to see a jury convict anyone on the strength of a confession or statement made after 90 days' detention without trial. I can just imagine a judge being told, "Well, your honour, after three months, he admitted it." I cannot see any jury convicting on that basis.

I will be interested to see the result of the Government's review of the admissibility of wire-taps as evidence. I know that there has also been a review of special branch, and of the Regulation of Investigatory Powers Act 2000, which could certainly do with some fine-tuning.

The Government are proposing a Bill on the EU treaty. I am a European; I am pro-European Union. I was not old enough to vote on the issue the first time round—I was three, I think—but I certainly feel that we have now been promised a referendum. I remember attending the European convention on the treaty. I was a member of the Scottish Parliament's European Select Committee at the time. When the Labour Member who was on that convention says that she feels strongly that there should be a referendum, and that this is the same treaty by another name, it is important that the Government should honour that manifesto commitment.

What I find disingenuous is the nuclear option. The one thing that makes me a Eurosceptic is when people say, "Well, if you don't like it, you'll have to leave." We do not have to leave. We do not have to take what is on the table from the European Union. We can tell it to go back and think again, as the French and the Dutch did. If the treaty does not provide the policy solution that is right for the United Kingdom, we do not have to leave the European Union. We do not walk out of Parliament if we lose a vote on a Bill, saying that we are not coming back into the House of Commons again. The European Union is a forum in which member states should come together and agree on what they can agree on. It is trickery to treat the people of this country like fools and to say that it is all or nothing. It is not. The French and the Dutch knew that, and I am sure that the Irish and the Danish know it, because they often decide to send provisions back.

We should ensure that the Government honour their manifesto commitment. They made a promise to the people, which is important. I am a supporter of the European Union, so please do not insult my intelligence by making it the "all or nothing" option. My electorate will spot that; they will know that that is an insult; they already know that this is the same treaty. The only people who pretend that it is not are members of the Government.

Let me deal with something closer to home, which remains important. I hope that appropriate legislation will include measures to deal with it. I represent Lancaster and Wyre, which has the biggest concentration of residential park homes and holiday residences in the country. To give credit to the Government, they have been very supportive through their officials of my efforts to get at these rogue traders who run some of the parks. I have some excellent park homes in my constituency, but there are also some appalling ones. We need a licensing regime that is enforceable and can deal with the real crooks throughout the country who exploit vulnerable people by making them buy without proper contracts or by threatening to tow them off parks and so forth. Local authorities can be faced with one option: withdraw the licence and end up with 300 homeless people from those sites. Some of these individuals are real rogues and we need to deal with them. I had a summit, which Government officials attended, at Wyre borough council, but the gap in legislation is the problem. I hope that any Bill will include measures to say that this is an enforceable regime and that if rogue operators do not comply with it, their licences or livelihoods will be taken away.

Other manifesto commitments have still not been met. Generally, many speakers this evening have said that there is nothing new in the Queen's Speech. There is nothing exciting about it. For a Prime Minister who has spent 10, 12 or 15 years waiting for the day, it seems a rather boring programme. It is a programme brought to us by the Government's backroom boys, because the backroom boys of the past have now become the front-room boys: the Foreign Secretary, the Education Secretary and the Secretary of State for International Development. They are wedded to the soundbite and the headline; they are not wedded to the delivery of policies. So much of what we have seen today is either a copy of other parties' policies or an attempt to put right their own policies without taking any of the bold steps that could or should be taken. There is not much new in any of this. If this is what the new Prime Minister bases his credibility on, I am afraid that it will be a pretty disappointing year for him—and even more disappointing at the polls.

Debate adjourned.—*[Tony Cunningham.]*

Debate to be resumed tomorrow.

Romanian and Bulgarian Migrants

Motion made, and Question proposed, That this House do now adjourn.—*[Tony Cunningham.]*

9.37 pm

Keith Vaz (Leicester, East) (Lab): I am grateful for the opportunity to discuss the issue of restrictions on Romanian and Bulgarian citizens who wish to come to the United Kingdom to work. Since my application for this debate, the Government announced their decision last week, after a 10-month review, to retain the restrictions placed on migrant workers from Bulgaria and Romania. However, it is important for us to debate why the Cabinet reached that conclusion, as well as to examine the wider issues surrounding the emotive immigration debate.

I am pleased to see the Minister for Borders and Immigration on the Front Bench. He is a very pleasant and cheerful man, who has to do a very unpleasant job. It cannot be easy to say no all the time. Despite being cheerful and happy, he is, as we say, a tough cookie as far as immigration policy is concerned.

On 1 January 2007, Romania and Bulgaria became members of the European Union—a move championed by Britain for many years. On 4 May 1999, the then Prime Minister, Tony Blair, became the first British Prime Minister to address the Romanian Parliament. During his historic speech, he announced:

"Britain wants the European Union to enlarge... I want Romania to be part of that process."

At this point, may I pay tribute to our ambassador in Bucharest, Robin Barnett, who has done a tremendous amount of work to build the excellent relationship between Britain and Romania? May I also commend the efforts of Raduta Matache, the chargé d'affaires of the Romanian embassy in London, who has been relentless in her pursuit of equality for Romanians?

On 1 May 2004, the United Kingdom was one of only three countries that decided not to impose any restrictions on the A8 countries. Without a doubt, those who have come from Estonia, the Czech Republic, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia have made a great contribution to our country. From Ealing to Glasgow, and from Leicester to Hull, citizens from eastern Europe have added to our country economically, socially and culturally. Like the vast majority of original EU member states, Britain chose to put restrictions on the A2, which require that their citizens gain authorisation from the Home Office before they start work. The accession of the A8 and the A2 appears not to have had any significant negative impact on the British economy or the jobs market. Added to that have been many positive responses from companies such as FirstGroup, which says that the economy and its businesses are in need of more migrant workers.

On 2 October 2007, following a visit by my right hon. Friend the Foreign Secretary, I visited Bucharest to assess for myself the impact that restrictions were having on workers from Romania and Bulgaria. I also had the opportunity to meet the Romanian Prime Minister, Calin Popescu-Tariceanu, and other Ministers. Foreign investment in Romania is at an all-time high, as is employment, with only 2 per cent. of people in Bucharest unemployed. Romania's 5.8 per cent. average annual economic growth over the past five years makes it one of Europe's fastest-growing economies. The most prevalent problem now is the shortage of skilled and unskilled labour, with some estimates calculating that as many as 10 per cent. of Romanian citizens live abroad. It would seem logical that the Romanian Government would welcome the UK restrictions, as they would encourage Romania's citizens to stay at home.

For the Romanians, however, the matter is one of principle. If they are equal members of the EU, they should be full members, and not treated as second-class citizens. The restrictions have made the Romanians believe that in the eyes of the UK and the rest of the EU they are not equal partners. The Home Affairs Committee, which I have the privilege of chairing, will examine the issue on 27 November. The Romanian Government have agreed to give evidence at the session, and we look forward to seeing the Minister on that occasion.

The decision to retain the restrictions must be seen against the background of a wide range of issues and debates surrounding immigration. To find out why the restrictions were retained, it is vital that we ask the question: why are we still afraid of immigration?

At the end of October this year, the Home Office published a report entitled, "The Economic and Fiscal Impact of Immigration". The publication made a number of key points, the most significant being the finding that £6 billion a year of growth is attributable to migrants. It was also found that

"in the long run it is likely that the net fiscal contribution of an immigrant will be greater than that of a non-immigrant",

that,

"Concerns that native workers would be displaced by migrant workers...seem ill-founded, as migrant workers appear to have complementary skills to the native labour force",

that,

"Viewed overall...research finds a small positive effect of immigration on the wages of native workers",

and finally that,

"Research provides little or no evidence that migrant labour has had a significant impact on employment prospects for native workers."

A report produced by the Institute for Public Policy Research established that less than 1 per cent. of migrant workers have applied for income-related benefits since 2004, and that most eastern European migrants are working in jobs that are hard to fill, notably in the public services. The TUC has enthusiastically agreed with those findings.

On 1 November 2007, the Local Government Association published a report examining the effect that immigration has had on public services. It found that the current immigration process had had a negative effect on the way in which some public services operate, to varying extents. The fundamental problem appears to be not immigration itself but implementation, and the way in which funding is allocated. The LGA suggests that local services struggle because they are not given the money that they need to serve the number of people who use them, as the allocation is based on the national census, which does not include the majority of immigrants. The LGA sensibly suggests that the solution is to create a central pot of money for which local

[Keith Vaz]

authorities can apply when experiencing a higher-than-average number of migrants. It also calls for a more efficient way of counting the number of immigrants in the country.

The key is to confront our fear of immigration, an issue so potent that only this week the Conservative candidate for Halesowen and Rowley Regis was forced to resign his candidacy over his comment that

"Enoch Powell was right... warning that uncontrolled immigration would change our country irrevocably."

Immigration has changed our country, but not into rivers of blood; rather into bridges of hope. In London we have more than 300 different nationalities living side by side. That is why we have been awarded the honour of hosting the Olympic games in 2012, and why the internal cultural conflict predicted by Enoch Powell was so wrong. London's diversity has made it the cultural and financial capital of Europe. I believe that the fear of immigration that we experience is a result of faults in the system, faults that, in my view, can be resolved.

Last week the Department for Work and Pensions apologised for erroneous immigration figures. My concern—and, I think, that of my fellow citizens—is that those erroneous figures may have been used in the process of setting Government policy. If the Government's statistics are wrong, how can their policies be right? The British public have a right to expect accurate figures. It is entirely wrong that such a serious mistake was made in an area that is so emotive and sensitive.

That error has understandably had an effect on the public's confidence in the way in which immigration is dealt with in this country. It is vital that we establish who is here by counting immigrants in and out of the country: only then can proper decisions be made.

There is now a consensus that, as a small island, Britain is not able to cope with an unlimited number of immigrants, and the newly named Border and Immigration Agency appears to be unable to cope with the modern immigration situation. It is vastly under-resourced, understaffed, and—as the former Home Secretary, my right hon. Friend the Member for Airdrie and Shotts (John Reid) commented—"not fit for purpose".

I have constituents who have been waiting for up to four years for a response to their applications. That is unacceptable to the Home Office and the country, as well as to the applicants themselves. Applicants deserve an answer, and if they have no right to stay in the United Kingdom they need to be removed quickly. I must add that I myself have waited for four months to meet the Minister to discuss individual cases. Such delays are unacceptable.

We should be asking our European neighbours to play a larger role, and to construct and engage in a process to deal effectively with illegal immigration. We are constantly made aware of the problems in Calais, with immigrants attempting to enter the UK illegally. Only this September we heard reports of the French police raiding homes and squats in Calais with tear gas, attempting to find illegal immigrants. There has to be a better way. Secure borders will give the public greater confidence in our immigration system, and they will be less resentful of those who are here legitimately.

There has also been talk recently of the importance of British jobs for British people. I worry about that statement. It lacks credible arguments, and some have suggested that it appears to amount to little more than employment apartheid. It assumes that foreign workers are somehow stealing jobs from United Kingdom workers, an idea for which there is absolutely no evidence. It also raises the question: how do we ensure that jobs are going to British people and what do we classify as British? If someone has another citizenship but they have indefinite leave to remain in the UK, they have a right to work.

Hopes are falsely raised whenever "British jobs" are mentioned. Every position that is filled will require justification and an account kept of how many British jobs there are. The fact is that, in this country, over the past century, we have entered into many agreements with European and Commonwealth countries, which means that we are obligated under treaties, rightly, to give jobs to people who are not British, based on merit.

I am still shocked at the way in which we reversed our position on the highly skilled migrant workers programme. There are Indian and other citizens who came to this country to work hard and to help our economy, and they have been treated very badly.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am reluctant to intervene on the right hon. Gentleman because he has great knowledge of the matter, particularly from his chairmanship of the Select Committee, but I think that he is now beginning to paint rather a broad canvas and the guiding words in the subject of the debate that he submitted are, to my mind, Bulgaria and Romania.

Keith Vaz: They are, and I was painting the wider picture as to why in my view the Government have decided to retain the restrictions.

I believe that another reason why the Government have decided to do that is the general fear about the number of people who came in under the A8 and A2 accession rules, which, of course, is the subject of this debate. It is shocking that, in this day and age, it is acceptable in some quarters to criticise someone on the basis of the country they came from. Any talk of British work for British people will serve only to worsen the situation.

There is also, in dealing with the issue of the Romanians' and Bulgarians' restrictions, the issue of the number of British citizens who are working abroad. In 2006 EUROSTAT estimated that around 800,000 British citizens were working in the EU, outside the UK, some in Romania and Bulgaria. That is only 300,000 people fewer than the 1.1 million foreign workers in the UK and that figure does not include British workers based further afield, figures on which are not available. That serves to demonstrate not only that Britain benefits from migrants working in the UK, but that British people benefit from the agreements that allow that to happen, as it means that there is free movement of labour. The EU and the free movement of labour within it enriches our country and our citizens. It is something that we can be proud of and celebrate.

Against that current backdrop and the fear about immigration, it came as no surprise to me that the Cabinet made its decision to retain the restrictions on

Romania and Bulgaria. I welcome the announcement that that issue will be kept under constant review through various methods, including the migration impacts forum, of which my hon. Friend the Minister is a co-chair. Another decision on that issue will be taken, I understand, at the end of next year. In the meantime, it is vital that we look at the broader issue of immigration and have a sensible debate on the real factors that will make a positive difference to this country.

This Government have continually welcomed the skills and hard work that migrants bring to the country and have a proud history of integration. We have the best economy in Europe, achieved under the skilled leadership of the Prime Minister. The accession of Romania and Bulgaria is simply the next step and, with improvements in the process of immigration, I am certain that, within the next few years, Romanian and Bulgarian citizens will be welcomed with full working rights. All I ask is that we let the process begin.

9.54 pm

The Minister for Borders and Immigration (Mr. Liam Byrne): I congratulate my right hon. Friend the Member for Leicester, East (Keith Vaz) on securing this important debate. As I have not had the chance to do so on the Floor of the House, may I also congratulate him on his chairmanship of the Home Affairs Committee, which is already shaping up quite an interesting agenda on the migration front for the months ahead? I very much look forward to appearing before him on 27 November, when we will discuss this issue in a little more detail.

My right hon. Friend has consistently championed the case for Bulgaria and Romania, and he has invested considerable time in understanding this question in Bulgaria and Romania as well as here. He is an excellent European, and I am sure that he will not mind my saying that he is an idealist without illusions. I think he was at the Helsinki summit when the then Prime Minister made his promise to push for the accession of Bulgaria and Romania. I want to join my right hon. Friend in paying tribute to the work of our ambassadors in Bulgaria and Romania, and of the diplomatic representatives of Bulgaria and Romania in this country.

I should reaffirm that the UK is committed to the principles of the single market. Of course, we led the way in opening up our labour market when eight countries joined the EU in 2004, and our intention is to continue that process by opening our labour market to Bulgaria and Romania, albeit more gradually. I am very grateful for the advice tendered to us by both Governments as we put together the evidence base on which the Cabinet made its decision earlier this year.

Before I respond to some of the detailed points made by my right hon. Friend, I should say that he is absolutely right to point to the wider debate about immigration that we are having, and need to have, in this country. It is a vitally important context for this decision, and the tone of respect and mutual obligation in which he composed his remarks is precisely the one that we should hear in this debate. I believe that there are signs that a new consensus is emerging. It is interesting to reflect over the past 30 or 40 years of this debate, and to look at some of the things that are different and others that have stayed the same. Back then, much of this debate was conducted in the language of race. Cabinet Ministers talked about the "colour problem" before legislation on this issue was passed in 1962. That is not true any more.

There are two themes from those early debates that are still with us: a concern about public services, which was at the heart of some of my right hon. Friend's comments, and a concern about the way in which values are protected, preserved and enhanced, rather than diminished, in immigration policy. Those two features of the debate will, and should, stay with us over the months to come. It is therefore regrettable that, every now and again, we hear throwbacks to that unfortunate side of the debate 30 or 40 years ago. My right hon. Friend was correct to underline how right it was for the Conservative candidate in Halesowen to resign. I do not know whether my right hon. Friend has had the chance to read this morning's edition of *The Birmingham Post*. It ran an excellent front-page leader in which it makes the point that Mr. Hastilow

"was responding to a higher level of debate started by Tory leader David Cameron, but he in fact subverted that debate by handing extremists a golden opportunity to stoke the fires of racism."

It goes on to point out that Enoch Powell

"was actually sacked because he was hopelessly out of touch with a changing society."

There are elements in political debate today who, I am afraid, remain as out of touch.

Keith Vaz: I join my hon. Friend in congratulating *The Birmingham Post* on its excellent front-page editorial. The press have a very important role to play in this area, and such comment is well worth commending.

Mr. Byrne: My right hon. Friend is absolutely right. The Birmingham media have consistently struck a tone of tolerance and engagement with this issue that is entirely appropriate. As he says, that really is to be commended.

Wider changes are falling into place in the immigration system over the next 12 months; indeed, they are the biggest changes that we have ever seen to that system in a single year. A points system will soon come into place. A single border force will soon deliver tougher policing at ports and airports. We will soon count people in and out of the country. We will introduce biometric ID cards.

My right hon. Friend is as ambitious as I am for those changes to succeed, but I am ambitious for something broader still: the debate about immigration that we have in this country needs to be based not on anecdote but on evidence. An intelligent debate about the balance is needed, and we need to have that debate in a grown-up way. No one wants a wide-open door, but no one wants a door that is slammed shut either. The debate is about the balance, and that is why we will continue to have arguments about what is precisely the right balance.

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Tony Cunningham.]*

Mr. Byrne: I give way to the hon. Member for Beverley and Holderness (Mr. Stuart).

Mr. Graham Stuart (Beverley and Holderness) (Con): I am grateful to the Minister for giving way, and I congratulate the right hon. Member for Leicester, East (Keith Vaz) on securing tonight's Adjournment debate. Does the Minister feel that the Prime Minister's use of the phrase "British jobs for British people" makes a mature and constructive contribution to the debate?

Mr. Byrne: I will address that point in a moment or two, because it is important and I want to respond to it.

The wider debate about immigration needs to be led in a new way. That is why we have set up the migration advisory committee, to provide the Government and those in the public domain, if truth be told, with evidence about where in the economy we need migration and where we do not. Alongside that, we have also set up the migration impact forum, to bring together public service leaders in this country to advise us on where the wider impacts and pressures of migration are being felt.

My right hon. Friend was absolutely right to say that there is a sense that, as an island, we cannot necessarily accommodate everyone who might want to come to this country, but what we must do, therefore, is debate what the right balance is between the needs of the business community and the economy and the wider needs of British society, and we must strike the balance that is in Britain's national interest. That is the new balance that we have tried to strike in taking the decision on Bulgaria and Romania.

The first thing, therefore, that we had to weigh up was the evidence of the benefits. I am glad that the Home Office report was of use to my right hon. Friend. He is right to say that the report showed that about £6 billion was added to our economy in 2006. He is also right to say that there is no statistical evidence of a negative impact of A8 migration on unemployment or, indeed, on the growth in wages, because wages have continue to grow on aggregate; nor is it true that accession migrants dominate any occupation or industrial sector.

My right hon. Friend might have added that all the evidence points to migrants from the accession countries being young. Indeed, A8 migrant workers are overwhelmingly concentrated between the ages of 18 and 34, and only 4 per cent. brought dependants with them. Their employment rate is 81 per cent. The employment rate among A2 migrants is even higher at 91 per cent. Those are significant factors when calculating the economic benefit to the economy of east European migration.

My right hon. Friend was absolutely right to set alongside the evidence of benefits a little evidence about some of the wider pressures that are felt. If the debate is to have credibility and if it is truly to reflect what the people of this country are thinking and talking about, we cannot simply listen to the voice of the business community; we must listen to the voice of the wider public, too.

It was useful that my right hon. Friend prayed in aid the Local Government Association report. The LGA conducted a survey of 100 councils and highlighted some of the issues for public services, including increased turnover in schools, some evidence of overcrowding in the housing market and some new demands on health care. A lot of that evidence reflected what I heard when chairing the migration impact forum in October, when we heard evidence from the east midlands and Scotland about some specific issues of homelessness and from Sheffield and the east midlands about GPs' case loads beginning to grow. Six regions reported an increased demand for English for speakers of other languages provision. The east midlands and the north-west noted the issue of pupils arriving and leaving within the school year at a slightly greater velocity.

Why is that important? It is important because it creates new pressures on public services. Sometimes public servants are not able to respond and change services and plan for new services at quite the speed that their communities change. Sometimes that is true in the labour market, too. The argument about British jobs for British workers is important, but the debate is not simply about migration policy. It is a much wider debate about the rates of joblessness in the UK population, and that is why some of the measures in the Queen's Speech are so vital, particularly the education and skills Bill, which is aimed at improving the employment prospects of young people.

To conclude, it is true that the number of migrants coming from Bulgaria and Romania has so far remained quite low. From January to June 2007, there were about 4,000 applications a month under the different A2 schemes. The point is that at this stage in our broader immigration debate, when we weigh up the benefits of migration and consider the wider impacts, it is right to strike a prudent course. We are entering a year in which sweeping changes to the immigration system are being introduced, so our attitude to the questions should be to strike a prudent course, and that is what we have sought to do.

We will of course revisit our position next year, before we inform the European Commission of our intentions for the next phase of the transitional measures. Our strategic relationships with Romania and Bulgaria remain vital to us, not just within the EU but on the wider global stage. I can safely predict that this debate will run and run over the next 12 months. I am glad that my right hon. Friend is one of the leaders of that debate. I listened closely to an interview that he gave to the "Drive" programme on Radio 5 Live on 30 October, in which he said:

"what we do need now is a much...more robust approach."

He may therefore like many of the changes that we are introducing, but I am sure that if he does not, he will not pull his punches.

Question put and agreed to.

Adjourned accordingly at six minutes past Ten o'clock.

House of Commons

Wednesday 7 November 2007

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

11.33 am

Speaker's Statement

Mr. Speaker: I have a statement to make about the use of electronic devices by Members in the Chamber.

On 25 October, the House agreed to the use in the Chamber of hand-held devices to keep up to date with e-mails, provided that they cause no disturbance. From the start of this Session, therefore, Members can use such devices in the Chamber provided that they cause no disturbance. In line with a ruling from my predecessor in 1997, Members carrying such devices should turn off the audio function before coming into the Chamber. They should also not wear earpieces to receive messages.

In line with previous rulings, it remains unacceptable for a Member speaking in the Chamber to be prompted by information on the screen, or for a device to be used as a prompt by a Member—or a Minister for that matter—participating in proceedings. The Chair will order a Member seen to be using such an electronic device while speaking to resume their seat immediately. This ruling will be applied in Westminster Hall and in General Committees of the House. *[Interruption.]* Order.

Sir Peter Tapsell (Louth and Horncastle) (Con): On a point of order, Mr. Speaker.

Mr. Speaker: I cannot take any point of order on this statement. Those come after statements, and we now have one from the Secretary of State for Foreign and Commonwealth Affairs.

Pakistan

11.35 am

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): With permission, I would like to make a statement on the situation in Pakistan, which I am sure the whole House will agree is dangerous, fast-moving and important to us in Britain.

The House will have followed in the news the unfolding events since the weekend. In brief, on 3 November, President Musharraf declared a state of emergency and the suspension of Pakistan's constitution. He has issued a new provisional constitutional order, the two key features of which are as follows: first, the suspension of constitutional articles guaranteeing security of the person, safeguards on arrest and detention, freedom of movement, assembly, association and speech, and equality of citizens; and secondly, the removal of the Supreme Court's authority to issue any order against the President, Prime Minister or any person exercising powers or jurisdiction under their authority, or to challenge the PCO.

In addition, the President has issued separate ordinances to tighten up regulations for print and electronic media, forbidding them from criticising the Head of State, military or judiciary, showing bodies of suicide bombers or their victims or broadcasting anything

"prejudicial to the maintenance of law and order".

Another effect of the PCO is to suspend all the Supreme Court judges pending their taking of a new oath of allegiance. We understand that fewer than half of the present bench of 19 judges have taken the oath. The former Chief Justice and 14 of his colleagues have been dismissed. Hundreds of other civil society leaders and political activists have been detained or placed under house arrest.

I have today spoken to our high commissioner in Islamabad. He and other members of the high commission staff, and other partner missions and embassies, are in close touch with civil society and other political figures who are the subject of restrictions and we are expressing our concerns to the Government and all relevant authorities at all levels.

I am sure that the whole House shares the Government's grave concern at these developments. The Government of Pakistan say that they are temporary. It is vital that they are so. We are very much aware of the terrorist threat with which the Government of Pakistan have to grapple and which President Musharraf has cited in justification for his decision to suspend the constitution. The bombings over the last two weeks—in Karachi, Rawalpindi and elsewhere—have resulted in the murder and injury of hundreds of innocent victims. We have deplored those attacks and reiterated our support and determination to work in partnership with the Pakistani authorities to counter this menace.

However, since the weekend, we have seen actions from the Government that have set back the process of democratic transition which is essential for the future stability and security, as well as for the sustainable development, of Pakistan.

I have made clear our concerns on the telephone to Pakistan's Prime Minister Aziz and Foreign Minister Kasuri, as well as speaking to Opposition leaders Benazir Bhutto and Nawaz Sharif, and indicated what actions

[David Miliband]

we now expect the Government to take. Specifically, we call on the Government of Pakistan to do the following: first, to declare now a specific date for January elections and implement the necessary conditions to guarantee that they are free and fair; secondly, to release all political prisoners, including members of the judiciary and human rights activists, and pursue energetically reconciliation with the political Opposition; thirdly, to honour the President's commitment to step down as chief of staff by 15 November; and fourthly, to relax restrictions on the Pakistani and international media, including the BBC.

The stability and development of Pakistan matter to the UK. Pakistan is a vital partner for us in tackling the serious threat of terrorism and extremism against UK targets in the region and at home. We also need to work closely with Pakistan in promoting stability in the wider region, not least in Afghanistan, and in tackling a range of serious issues such as proliferation, drugs, migration and the environment.

It is not the moment for discussing the separate incident in northern Afghanistan yesterday, but it is right that I mention it. It led to terrible loss of life—the current number is around 40, including five Afghan Members of Parliament. Suffice it to say that I am sure that the House is keen to express its horror at and condemnation of those terrible attacks on Afghan democracy. However, as I said, they are a separate matter.

For the medium and longer term in Pakistan, we are convinced that democracy and the rule of law are prerequisites of stability and development in the country. Such stability is essential for economic growth. There has been much positive development in recent years. We have enjoyed a successful partnership between Pakistan and the Department for International Development. We are looking forward to the implementation of a new, expanded programme of co-operation from 2008 to 2010, which includes a focus on partnership in education. In total, that amounts to a doubling of our overseas aid. We do not want those positive developments for the poorest members of Pakistani society to be put at risk now.

Our concerns are shared by Pakistan's other friends. I have been in touch with European counterparts and spoken to the US Secretary of State, Condoleezza Rice, and to Javier Solana, the EU's high representative. There is a unanimous view from the international community that democracy, human rights, political freedoms and constitutional rule are the allies of security and stability in Pakistan. There is also a unanimous view that President Musharraf has very important responsibilities to fulfil his commitments at this vital time for Pakistan. We are following developments closely and seeking to co-ordinate our response so that our own vital interests are not damaged.

The situation also raises important issues for the Commonwealth. We look forward to a meeting of the Commonwealth ministerial action group next Monday in London, which has been convened to discuss the situation in Pakistan. Leaders will also have the chance to discuss the issue at the Commonwealth Heads of Government meeting in Uganda later this month.

The friends of Pakistan know that it is a critical time for that country. I acknowledge that that is particularly worrying for British citizens of Pakistani heritage and the Pakistani community resident in the UK, but it matters to us all. We hope that they will recognise our actions and that they, too, will use their contacts through family and business to make the case for democracy and the rule of law that we have been trying to articulate.

Mr. William Hague (Richmond, Yorks) (Con): I thank the Foreign Secretary for making that timely statement. It is a crucial time for Pakistan and its relations with the United Kingdom and the rest of the world. So many issues bind our countries together. With a million British citizens claiming Pakistani heritage and our extensive trade links, Pakistan is a crucial ally and partner of the United Kingdom.

I absolutely agree with the Foreign Secretary that strengthening democracy in that country is the best way in which to guarantee its security, stability and prosperity for the future. Against that background, the Government's response to the draconian measures taken at the weekend has, so far, been the right one. The Foreign Secretary's representations and requests: that elections should go ahead in January on a free and fair basis; that General Musharraf should resign as head of the army by 15 November; that political prisoners should be released, and that restrictions on the media should be lifted, have the Opposition's full and strong support.

That said, of course I have several questions, and the first is about elections. The Pakistani Government have given three different accounts so far of when elections will be held. When does the Foreign Secretary expect them to reach a decision? How highly does he rate the chances of elections being held in January? Will he confirm that the Department for International Development is providing £3.5 million to support the electoral process in Pakistan, and that he will continue to press on the Government of Pakistan the need for elections to be free and open and for the result to be upheld? What has he said to the Government of Pakistan about the continuation of British development aid and its doubling in the next three years, which hon. Members of all parties welcomed?

A former Prime Minister of Pakistan said yesterday that the state of emergency will

"end in two to three weeks"

as the President is

"aware of the consequences of long emergency rule".

Do the Government share that assessment?

Following the Foreign Secretary's conversations with Opposition leaders, what assessment has he made of their intentions? What assessment have the Government made of the number of people who have been detained so far and does the Foreign Secretary know whether any UK nationals have been detained? He referred to his discussions with other Foreign Ministers and the clear and united message from the international community about the course that the Government of Pakistan should now follow. Does he know who will represent Pakistan at the Commonwealth Heads of Government meeting in Uganda to receive that clear and united message?

I have a final set of questions on the overall security situation. The Foreign Secretary expressed his horror at yesterday's terrorist attack in Afghanistan, a sentiment with which we absolutely concur. We are concerned that the instability will affect the Government of Pakistan's ability to control the volatile border areas with Afghanistan. We are also concerned about the risk that the Taliban and al-Qaeda elements there will seize the opportunity caused by instability in Islamabad to step up their cross-border operations into Afghanistan. What assessment have the Government made of the risk of a spillover into Afghanistan and of the impact of recent developments on our continued co-operation there? What is the Foreign Secretary's assessment of the security situation in the North West Frontier province and Waziristan?

Such considerations underline the fact that the future stability of Pakistan is not only of vital interest to the United Kingdom, but an important matter for the whole world, because of Pakistan's central role in the fight against terror, its relation to events in Afghanistan and its possession of nuclear weapons. Is it not the case that we need Pakistan as our ally, but we need it as a free, democratic and stable one?

David Miliband: I thank the right hon. Gentleman for the content, tenor and tone of his comments and questions. Let me start where he ended. The position of Pakistan is vital for the whole world, not just for Britain, and a free, fair and democratic Pakistan is the best guarantor that the voice of the moderate majority that I believe does exist there is properly heard. That is an issue that goes far wider than bilateral relations.

Let me also say by way of introduction that the unanimity across the international community to which the right hon. Gentleman referred is important and that the unanimity in the House is important, too. For obvious reasons of history, this country has an important voice, which is heard by both the Government and the people of Pakistan. It is wholly welcome that there should be cross-party agreement on the issue.

Let me quickly run through the issues that the right hon. Gentleman raised. In respect of when the elections will happen, I have made the point to the Government of Pakistan at the most senior levels that it is massively in their interests to provide clarity about that now. He asked whether I would like to predict whether the elections would take place in January. The best thing to say is that they must take place in January and that the most suitable time is 15 January, which is when they have been set for. That is an important message. He is also right that the elections must be free and fair. That is certainly what our funding is determined to achieve and what the independent electoral commission must seek to achieve, too.

In respect of development aid, I do not believe that this is the time for threats. However, the right hon. Gentleman will know that the agreement that we have with the Government of Pakistan for development aid includes criteria in respect of human rights, and that is right. The consequences of the actions that have been taken, if they continue, would have to be taken into consideration in an obvious and sensible way.

The right hon. Gentleman asked about the end of emergency rule and predicting the timings for that. The sooner that happens the better. I would not want to associate myself with the prediction of two or three weeks that was issued yesterday. However, some of the relaxations in the media that have been introduced in the past four or five years, which I have seen for myself, have been some of the most positive changes in Pakistan over that period and it is seriously detrimental that they should have been set back.

In respect of my conversations with Opposition leaders in Pakistan, I have emphasised to them both that statesmanship on their part will be very important and that their followers will be looking to them. Mrs. Bhutto is planning a series of protests. Obviously it is important that they are organised in a way that maximises the safety and security of her followers, which I know is an important issue for her.

I do not have any specific evidence about UK nationals. I have heard about people who have spent time in the UK, for example as students, being detained, but obviously we are monitoring the situation carefully.

There has been no indication yet, as far as I know, of who will be the Pakistani representative at the Commonwealth Heads of Government meeting, but it will obviously be for other Heads of Government to decide on any consequences for Pakistan, should the current situation continue over the next two or three weeks as the Commonwealth Heads of Government gather.

The right hon. Gentleman's final point, on the situation in the North West Frontier and the federally administered tribal areas, deserves a much longer discussion. This is a long-standing issue, and the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind), who is a former Foreign Secretary, has written about it at length, with wisdom and insight. It would be wrong to say that we have seen any short-term spillover of the situation in Pakistan into the border area. However, there is far too much safe refuge for Taliban fighters across the border. Also, we have to recognise that Pakistan itself has suffered serious loss of life in trying to patrol that area. There are between 85,000 and 90,000 Pakistani frontier troops on the border, and I think that I am right in saying that the Pakistani frontier corps has suffered 1,000 losses in the border area in the past year, although I am happy to be corrected if that figure is not quite right. Pakistan is suffering losses, and when I met Government representatives there in July, they were keen to impress on me that, while there could be debates about tactics, they did not want us to doubt their commitment to putting men in harm's way, as they have done.

As I have said, this is a major issue for our strategy in Afghanistan, and the Prime Minister said yesterday that he will make a statement on Afghanistan next month. That will provide an opportunity to revisit this issue, but I am happy to find others as well.

Mike Gapes (Ilford, South) (Lab/Co-op): May I endorse what the Foreign Secretary has said, and echo his concerns, which will be shared by many people in my constituency and elsewhere who have family and friends in Pakistan? He referred to the Commonwealth, and he will be aware that, when the military coup first took place in Pakistan some years ago, Pakistan's membership of the Commonwealth was suspended. If

[Mike Gapes]

Pakistan does not comply with the democratic values set out in the Harare declaration, and if there is no speedy return to civil liberties, no release of political prisoners and no setting of a date for elections, will my right hon. Friend bear it in mind that one of the sanctions that might be pursued, is, sadly, the renewed suspension of Pakistan from the Commonwealth?

David Miliband: My hon. Friend speaks with authority on this matter, as Chair of the Foreign Affairs Committee. He is absolutely right to say that suspension is one of the sanctions available, and it will no doubt be discussed at the Commonwealth Heads of Government meeting if there is no change in the situation. One cannot help but note the irony of the fact that the Harare declaration is about good governance and human rights. It was indeed in Harare, however, that the declaration was first promulgated, and it is important that all members of the Commonwealth adhere to its contents.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): I welcome the Foreign Secretary's statement and, like the shadow Foreign Secretary and the Chairman of the Foreign Affairs Committee, I echo his sentiments about yesterday's tragedy in Afghanistan. As he said, that is an issue that we shall need to debate in due course.

The Liberal Democrats recognise the serious internal security challenges that Pakistan faces, not only now but over many years. Like others, we condemn the suspension of the constitution by General Musharraf as totally inappropriate and unacceptable. Similarly, we understand the importance of the United Kingdom's relationship with Pakistan, at all sorts of different levels, not least in relation to security. However, that cannot continue to be a justification for tolerating the abuses of the promises that General Musharraf has made over many years to restore his country to democracy. Notwithstanding what the Foreign Secretary said earlier about threats, will he confirm that we will take action, along with our allies, against Pakistan if the elections do not proceed as originally promised?

Does the Foreign Secretary also agree that General Musharraf, in addition to his democratic failings, has also failed the security tests that his countrymen and women and the international community have set for him? Does the right hon. Gentleman therefore accept that, at this crucial moment, on the grounds of principle and pragmatism, Britain and the rest of the international community should not simply settle for the return of a façade of constitutionalism in Pakistan?

David Miliband: I thank the hon. Gentleman for his comments and support. He is absolutely right that there are no grounds for tolerating the abuse of power or the breaking of promises. Let me take up his two points.

The hon. Gentleman spoke about taking action against Pakistan. I am sure that he would want to join me in saying that any action would have to be very careful to distinguish between the Government of Pakistan and the people of Pakistan. As I said in my statement, much of the new aid is focused on education, so that reinforces the point that we must be careful not to engage in loose talk—although I am not accusing the hon. Gentleman of engaging in it—about what actions we should take. I know that he would accept that any action must be targeted against the perpetrators of the actions that we deplore. We must ensure that the people of Pakistan do not suffer. It is worth noting that the country spends less than 2 per cent. of its national income on education, which makes our educational aid very important. Longer-term discussions are necessary about the path of development that Pakistan sees for itself.

In respect of what the hon. Gentleman called the security test, it is important to re-emphasise how challenging are some of the security dilemmas faced by any Government in Pakistan. When I met President Musharraf in July, he told me not to doubt his determination on security, but to engage with him in debate about tactics. He mentioned the 90,000 troops—troops of the frontier police, not the mainstream army—that he has placed on the border. There is a range of issues about how they are deployed and many whys and wherefores. Rather than saying that the measures have been a success or a failure, it is better to say that further work unquestionably needs to be done, notwithstanding some progress that has been made. We want to ensure that we work with a Government of Pakistan who have a democratic mandate, because that is the best way of taking forward the security agenda. I would also say that the governance of FATA—federally administered tribal areas—is a long-standing issue of governance for Pakistan. We need something more than a military solution if we are to make progress in those areas. On its own, a military solution is not enough.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Does my right hon. Friend accept that those who have had a close and warm relationship with Pakistan over many years and an equally close and warm relationship with the many thousands of people of Pakistani origin who live in my constituency have been deeply concerned at what has taken place over recent days, just as we were concerned about the original military takeover by President Musharraf? That concern exists notwithstanding the many useful things that President Musharraf did in his earlier years as president. Will my right hon. Friend send to Pakistan a message from those in this House who are friends of Pakistan, saying that we look forward to the restoration of the full parliamentary democracy that was bestowed on Pakistan by Mohammed Ali Jinnah, the founder of the country, who learned his democracy in the Gallery of this House of Commons?

David Miliband: My right hon. Friend has been a consistent and doughty champion of both Pakistan and the British community of Pakistani heritage. I would certainly want to convey that message and I will do so. He has championed a free, open and democratic Pakistan, which provides the best basis for the country's development that its people want to see, as well as making Pakistan the best possible ally of the UK. I echo my right hon. Friend in bearing witness to the important historical links that he mentioned.

Mr. Hugo Swire (East Devon) (Con): What is the Foreign Secretary's reading of the part played by the Inter-Services Intelligence in Pakistan? Does he share

my concern about the safety of Pakistan's nuclear installations? With that in mind, has he had any discussions with India?

David Miliband: We should all be concerned about nuclear installations in all nuclear power countries. We have seen no evidence, however, of any threats or any change in the security of Pakistan's nuclear weapons. We are obviously in touch with the Government of India, not least through our own high commission, but there has been no suggestion of any increase in tension between Pakistan and India.

In respect of the ISI, the visible signs are of continued order and continued clear lines of command in the armed forces. The army and intelligence services in Pakistan play an absolutely key role. Obviously, we would always be concerned to ensure that the armed forces and intelligence services in Pakistan answer very clearly to an elected Government. That is the message that we have tried to convey at every opportunity, both publicly and privately. I recognise the hon. Gentleman's concerns, and we are doing our best to ensure that they are understood.

Mr. Khalid Mahmood (Birmingham, Perry Barr) (Lab): I thank my right hon. Friend for his statement and for much that it contains. If Pakistan is to play the role in security that it has, the current leadership does not help its cause by treating human rights, civil liberties campaigners and the press in such a way. If it is to tackle terrorism, it needs to have the eyes and ears of the Pakistani people with it, not against it. I also support my right hon. Friend's decision to continue aid, particularly to those non-governmental organisations that want to ensure that democratic institutions are strengthened and that democracy returns as soon as possible.

David Miliband: My hon. Friend puts it very well. He is right that there is DFID funding not only for education but for civil society organisations, earthquake relief and a range of activities to develop Pakistan and strengthen Pakistani-British relations. His reference to the eyes and ears and voice of the Pakistani people is absolutely right. I am convinced that Pakistan has a moderate majority, and we must make sure that its voice is given full vent.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): I strongly support the Foreign Secretary's emphasis on the need for Pakistan to move towards democracy and the rule of law. But may I suggest a note of caution? Will he agree that the process of transition in Pakistan will be difficult and dangerous, given the history of that country, the role of the army and its possession of nuclear weapons? In particular, will he learn from the experience of 1979, when western pressure on the Shah, for understandable reasons, led unintentionally not to democracy and the rule of law but to an extremist, Islamist regime in Tehran, with all the problems that the international community now faces? That is not an argument against reform in Pakistan, but it does mean that the west should not seek to destabilise that country as a whole, as that could have incalculable consequences.

David Miliband: I know that the right hon. and learned Gentleman has taken a long interest in this issue. The relationship between democracy and stability, and democracy and security, is obviously a delicate one. There are always temptations to say that security comes before democracy, but as he implied, that is dangerous. I am glad that he referred to a transition to democracy, so that we are clear both about the end goal and the fact that there will be steps towards it. If there is a positive outcome in the next few days and weeks in respect of the January elections, I hope that the House will not believe that the Pakistani folder is therefore closed. Some difficult steps remain in the days and months ahead, up to elections and beyond. We are in a unique situation, with President Musharraf's commitment to resign as the head of the army and to lead in a civilian capacity. He has said that he wants a transition to democracy, and the Prime Minister of Pakistan reasserted that to me on the telephone on Monday. It is right to say, however, that the transition needs to be careful.

Some 10 per cent. of the Pakistani population voted for parties that, in some quarters, are alleged to have extremist links or leanings. My judgment is that those people and many others are looking for a path that is respectful of Pakistan's religious heritage but that is also committed to modernisation of the country. It is incumbent on the mainstream parties to speak to those aspirations and to ensure that those people are not driven into the hands of extremists. As the right hon. and learned Gentleman will agree, democracy is our ally in that process. The worst thing would be for extremists to be able to claim that there is no other way than extremism for people to have their say, and that they should turn away from the ballot box. That is why democratic rules and elections are important in the short term, as well as building democratic institutions in the longer term.

Mrs. Ann Cryer (Keighley) (Lab): I thank my right hon. Friend for his statement; I know that many of my constituents will also appreciate it very much. May I ask him to restrain any move towards expelling Pakistan from the Commonwealth? Unless things get really bad, I would rather see it inside the Commonwealth than outside, because we can influence it more that way. Although I am not a fan of military dictators, may I also remind my right hon. Friend that President Musharraf appointed Maleeha Lodhi—a woman—to the high commission in London, and has reserved one third of the seats in the National Assembly, the regional assembly and local authorities for women? That was a brave step, which sends a good message to many Asian women in my constituency.

David Miliband: I am sure the whole House is pleased to know that those who represent the beating heart of the Labour side of the House continue not to be fans of dictators. It is important to have that reasserted.

My hon. Friend has made an important point. It is important for us to see the last eight years in its overall context—as a unique set of circumstances, which we would not have chosen. Someone referred to the events of 1999, but there have been changes that have been welcome both for Pakistan and for the wider international community. The key is to build on those. The tragedy of the last few days is that we threaten to set back those changes rather than building on them, which is what we need to do.

[Mr. David Kidney]

celebrate successes, such as green awards and similar, and let all politicians, the media, local government and individuals play their part in making sure that we do.

3.31 pm

Mr. Mike Weir (Angus) (SNP): I had intended to talk exclusively about climate change and the Climate Change Bill, but I would like to make some quick comments about a couple of things that have come up in the debate.

The first is migration and, in particular, the migration from eastern Europe that several Members have mentioned. I am becoming increasingly concerned about the tenor of the debate on the issue. For example, I saw a tabloid headline last week that screamed, "All jobs created have been taken by migrants". That is clearly nonsense.

Last year, the Trade and Industry Committee produced a report on the impact of the extension of the European Union to the east. As part of that process, we tried to get a handle on exactly how many migrants had come to the UK. We had before us the statistician from the Department for Work and Pensions and we tried to find out how many Poles, Lithuanians and others were in the UK. Frankly, he did not have a clue; he could not tell us. The main reason why he could not tell us is that, although it is relatively easy to count the number of people coming into the country, it is not so easy to count the number leaving. That is an important point. I appreciate it is difficult to count the people leaving the country because of free movement within the EU, but many people from eastern Europe come here to work on a temporary basis.

There is now a significant eastern European population in my constituency. Some of them are settling, but many more come in the summer particularly to pick raspberries and strawberries. The industry would collapse without the labour from eastern Europe. Indeed, many growers are becoming concerned that too much of a crackdown on Romanians, Bulgarians and Russians will lead to a labour shortage in parts of the industry. There is a huge eastern European population in my area in the summer, but most of them go home in the autumn. Many of them are students who return to university and who have come here to earn money to help with their studies. That is perfectly legitimate and we should not get to the point where those people are penalised or stop coming here because of fears about migration.

The second point regards council housing, and I listened with interest to the argument advanced by the hon. Member for Great Grimsby (Mr. Mitchell). I remember that as a councillor in the early 1980s, we sold off huge numbers of council houses after the right-to-buy-policy was introduced. Whatever the rights and wrongs of the policy, the effect was that all the best council housing was quickly sold off to people who had lived in it for many years.

The real problem was not selling the houses, but the fact that the money we received from selling the houses had to go to paying off housing debt. We could not build new council houses with that money and the problem was exacerbated later when the legislation was changed. Although previously one could sell at a discount or for the outstanding debt on a house, the latter option was removed, so the sale had to take place at a discount. In effect, when any new houses were built, they were often sold off without getting enough money back to cover the debt on the house. No council in its right mind was building a great number of council houses in those circumstances.

The new Government in Scotland have taken action on that. We intend not only to build new houses, but to amend the right to buy to tackle the problem. Only the two measures together—more social housing and ending the right to buy at less than the cost of building—will result in a large number of new houses.

Let me move on to what I intended to speak about: the Climate Change Bill. We generally welcome the Bill. Climate change covers many matters, both reserved and devolved. The Scottish Government have accepted the need to work with the UK Government to meet the challenges of climate change, which obviously affect us all. The statutory target in the Bill is a 60 per cent. reduction in emissions by 2050, but as has been noted, that covers only carbon dioxide, not the other greenhouse gases. We do not think that the target is sufficient. Many scientific studies indicate that a reduction of at least 80 per cent. will be required to avoid the 2° rise in global temperature that would lead to a sharp increase in the expected impact of climate change. That impact is already being felt in many developing nations throughout the world, especially in sub-Saharan Africa, the Pacific islands and south-east Asia. We must move quickly and as far as possible.

The Scottish Government are consulting on proposals to establish both mandatory targets and monitoring arrangements to reduce Scottish emissions by 80 per cent. by 2050. That would cover all greenhouse gases, not just carbon dioxide. We are also encouraging Scottish industries to invest in low-carbon technologies because that would be a way forward both to help our industry and to tackle climate change.

While the Scottish Government are looking at creating legislation that would lead to a greater reduction in emissions of not only carbon dioxide, but other greenhouse gases, it is encouraging and welcome that the Secretary of State has been reported recently as suggesting that it might be necessary to increase the target above 60 per cent. and that other greenhouse gases might need to be included. That suggests that there might be scope for cross-party agreement and progress as the Bill makes its way through the House. I certainly hope that that will be the case. However, as the hon. Member for Cambridge (David Howarth) noted, there was a previous agreement among various parties. While we all agreed on some aspects, I recall that the process broke down because of disagreement between the Liberals and Tories, although I am not quite sure what it was about. Prior to that, the Scottish National party, Plaid Cymru and even the Democratic Unionists had joined the consensus. It was a pity that the agreement broke down because achieving consensus is important.

How does the Secretary of State intend that the UK carbon reduction target will work in the various devolved Administrations, given that the Welsh and Northern Ireland Assemblies will have an interest and

will, I presume, put forward their own legislation on the matter? If any of the devolved Administrations achieve a much bigger reduction than their appropriate share of the UK target, how will that be reflected? Would such success be likely to let other parts of the UK off the hook, or will the Secretary of State be giving each area a specific part of the UK target?

Colin Challen: If Scotland wants all the benefits of oil, will it also take responsibility for the emissions from that oil?

Mr. Weir: Most of the oil is coming south at the moment. If we are given all the oil, we will be delighted to take responsibility for it.

A further problem relates to the five-year carbon budgets because it appears that we are missing any indication of what, if anything, will be done to get us on track if it seems that we are not making real progress towards the ultimate target. A five-year carbon budget period will last longer than one Parliament, which will make consistency much more difficult to achieve. We would have liked some more interim targets along the way. I reluctantly accept, I suppose, that strict annual targets may be too restrictive, but some mechanism is required to make sure that we are on target and can adjust if we are off-beam.

Hon. Members have talked about ensuring joined-up government, and have mentioned the energy Bill. The hon. Member for Cambridge talked longingly of the Government giving up power in that area. One of the problems is that the climate change problem affects many Departments, and things are not necessarily joined-up. The hon. Member for Stafford (Mr. Kidney) made a good point about the regulator; I have serious difficulties with the way in which Ofgem operates. The generation of electricity is obviously an important part of the climate change issue. Renewable energy will, as he rightly says, be a major issue in the coming years, in terms of combating climate change. Scotland has not only oil but massive potential for renewable energy, whether it be wind, wave, tidal, water or geothermal. You name it, Scotland has the potential for it.

The problem is that it is becoming difficult for many renewable generators to get their energy to market. That is partly because there is a problem with the planning system; Scotland's system is separate from England's. There is a queue to link up to the grid, irrespective of how likely a person is to get planning permission for their development. That is one problem. Another problem is the way that Ofgem charges. I noted last week that Ofgem has issued a sustainability report and congratulates itself on its contribution to sustainability. I had to laugh a bit at that, because in Scotland the opposite is happening, as there is an unnatural obsession with locational pricing. That is undermining a great deal of potential renewable generation in north and west Scotland. I have often raised the matter in the Chamber with Department of Trade and Industry Ministers, but it is the first time that I have raised it with a Minister from the Department for Environment, Food and Rural Affairs. We will see whether we get a different response; I doubt it, somehow.

The system is discriminatory, because it means that anyone generating electricity in the north of Scotland, far from the south of England, pays more to connect to the grid. Not content with that, Ofgem has now proposed introducing locational distribution pricing. Generators in more remote areas suffer the discrimination of paying more to link to the grid, but if the proposals go ahead, they will also face greater costs when transmitting their energy across the grid to the ultimate market, whether it be in another part of Scotland or south of the border. Frankly, that is madness, and it can only undermine the move towards cleaner and greener electricity. Rather than giving that power away to unelected quangos such as Ofgem, the Government should get a bigger grip, and make sure that we have a system that delivers the clean, green energy that we need.

I have often mentioned the issue of carbon capture and storage, and the fact that a scheme was ready to go ahead in Peterhead but is basically now on hold because the Government decided to go down the road of a competition. That is missing an opportunity, and it is a pity that they did that.

Time is running out, but I will make a couple of quick points about the marine Bill. We would all like a marine Bill to be introduced. There is particular interest in that in Scotland, not just from a marine environment point of view, but from a fishing point of view, as the Secretary of State may well be aware. We want to see how fishing will be treated in the Bill. A report this week showed that Scottish fishermen were the greenest in Europe. They have certainly come a long way to have a sustainable industry, and that should be reflected.

There is also the issue of ship-to-ship transfers in the firth of Forth. The Cabinet Secretary for Rural Affairs and the Environment wrote to the Secretary of State about that on 7 September, and he still awaits a reply. That is an important issue concerning a practice that may endanger the natural environment in the Forth estuary. I ask the Secretary of State to consider the issue, and perhaps to take the matter up again. I have run out of time, so I shall end my remarks.

3.44 pm

Tom Levitt (High Peak) (Lab): Before I commence my speech, the House may wish to know that I chair the Community Development Foundation, which administers grant programmes for both the Department for Communities and Local Government and the Department for Environment, Food and Rural Affairs, although I have no pecuniary interest in that process.

The three main themes of the Queen's Speech are security, aspiration and democracy. Security means continuing the battle against crime and antisocial behaviour. At the same time, we must celebrate the confidence with which the police and the communities in which neighbourhood teams are well established do so, while redoubling our efforts to thwart terrorists. As for aspiration, no youngster should leave education without the necessary skills, and no one should be denied basic skills in adulthood. We want to ensure that every family has a decent and affordable home, and we want to ensure and enhance dignity at work through greater flexibility for employees and the enforcement of rights such as the right to the national minimum wage. On democracy, we demand that our services should be truly accountable and personalised, and that all decisions are taken at the appropriate level of government. I will come back to that issue later.

[Tom Levitt]

I am delighted that my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs is in the Chamber. When he was at the Department for International Development, I was his Parliamentary Private Secretary for four years, and with due diligence, I notice that he has been present in the Chamber even longer than me today, missing only 10 minutes of debate. He will be aware that climate change is one of the biggest issues, if not the biggest issue, confronting us. I want to raise two things with him. First, climate change has a political architecture: individuals, communities, Governments and international organisations must work together and take co-ordinated initiatives to tackle the problem. It has the same political architecture as fair trade and the global relief of poverty, and his experience in the Department for International Development of working on the Make Poverty History initiative puts him in an ideal position to apply those principles and leadership to climate change.

Secondly, I would rather that we had an 80 per cent. reduction target for CO_2 and fail by 5 per cent. than have a 60 per cent. target and exceed it by 5 per cent. Not only is the target about meeting our share of international responsibility but it may well have to make up for others' shortcomings. Whatever experts say, the 80 per cent. target gives us some wobble room if we need it, whereas the 60 per cent. target does not do so. Those issues need to be tackled early, as other hon. Members have said.

My High Peak constituency covers most of the bases in DEFRA's portfolio, and I should like to draw a number of issues to my right hon. Friend's attention. First, the aggregates levy sustainability fund, which is administered by DEFRA, puts money back into communities affected by quarrying. It is currently under review under the comprehensive spending review procedure, but because that money is hypothecated, it must go into communities affected by quarrying. I hope that my right hon. Friend can give me an undertaking, not necessarily today, that this will continue to be the case.

Hill farmers in High Peak are almost all in the 10th decile of income, as they farm land with a low productivity. They are concerned about the nitrate vulnerable zone regulations, and they require an assurance that they will receive help to meet those new challenges.

The national park dominates the geography of my constituency. The principles behind the park are well understood and supported by the Government, but rural housing is a problem. Housing in national parks is a particular problem, because in rural areas, wages are generally lower than in urban areas but house prices are higher. Social housing in rural areas per head of population is less than half that available in urban areas. In addition, the particular constraints on planning in national parks and the extra costs of building, where that is possible, make energy conservation in both new homes and old homes extremely difficult and exacerbate the problems of rural housing. These problems are largely seen not in rural areas but in the cities, where young rural families migrate when they cannot get homes in rural areas.

Finally on DEFRA, my right hon. Friend the Secretary of State knows, because I have told him often enough, that High Peak is the spiritual home of the right to roam. We had the Kinder trespass in 1932, and earlier this year we marked the 75th anniversary, which our right hon. Friend the present Foreign Secretary attended as the then Environment Secretary. A couple of years ago I was delighted to be present to welcome the first open access land designated under the Countryside and Rights of Way Act 2000. I am disappointed that we are not going to extend that right yet to coastal areas. After we brought in the CROW Act, we spent three years working out the detail of implementing it. I am sure that we can do that with the right to access the coastal areas, and I hope my right hon. Friend will look into the possibility of bringing that forward separately from the rest of the marine Bill.

I shall address the rest of my remarks to the Department for Communities and Local Government, and make one or two observations about the nature of democracy in the 21st century. Initially, perhaps, democracy was about communities looking after their own and being entirely self-sufficient—the idea of communes, kibbutzim and so on—but in an interdependent world, that is not possible. Yet the idea of electing people to look after our interests is only 200 years old in this country, and even that took 140 years to mature. Next year it will be only 60 years since we abolished the university vote and the double vote that some people had, when they could vote at both residential and business addresses. We have had our present franchise for only 60 years.

Although there are those who want to return to the era of rotten boroughs and who would support the right of millionaires to pump tens of thousands of pounds into selected local Conservative campaigns in order to ensure that the sheer firepower and weight of money behind their campaign might achieve what the force of argument clearly cannot—that is, Conservative victories—I am delighted that we will deal with that under the legislation proposed in the Queen's Speech.

Today we have a 24-hour global news media. More people rely on the internet than on newspapers for news. We can attract thousands to petition No. 10 Downing street on a website within hours. We can make or break careers by voting people out of "Big Brother" or into the final of "Strictly Come Dancing", and we can also force leaders of the G8 to stick to their resolve to tackle global poverty by mobilising globally on the scale of Make Poverty History.

When there is such a groundswell of opinion, people expect something to happen. They understand why some collective ambitions cannot be fulfilled, if it is explained to them. People understand when politicians try hard but temporarily fail to achieve those ambitions. Being British, we also understand the historic art of compromise. However, people do not understand when politicians do not try to understand and resolve their problems. The lesson from this is that democracy is not something that happens every four years, but something that happens 24 hours a day.

In response to those pressures and demands, I welcome the recent comments of my right hon. Friend the Secretary of State for Communities and Local Government about the empowerment of communities. The CDF, the organisation that I mentioned at the beginning of my speech, has been asked to take

forward the initiative on empowerment by bringing together third sector organisations involved in communities and involved in helping local people have more control over the issues that affect their local environment.

A mechanic goes underneath a car to look up and find what is wrong from the bottom. He has a better understanding of what needs fixing in that car and how than does the garage proprietor, who looks from the skylight and sees only the bonnet and the roof. Our communities are the mechanics. They are constantly looking up and seeing how things work or why they do not. They often know better than the one looking down from on top what needs doing. Councils are better at their job when they ask people what they think of the services that they receive, when they take public concerns on board and when they see themselves as the servants of the people.

Communities, as well as individuals, can have aspirations. Lower crime, better lighting, less dog fouling, more play areas, a better balance between the needs of the motorist and those of the pedestrian, better disabled access, faster clearing of blocked drains—all are community aspirations that have been brought to my attention in the past two weeks. If it is legitimate for communities to influence such issues, why not allow them to influence major capital investments made locally, the deployment of staff in their communities and the ownership of community assets?

The issue is about campaigning and empowering communities and the organisations that represent them. The message that communities send out to politicians, particularly local politicians, is, "You are part of the democratic process, but you are not the democratic process itself." The people in communities have to be part of that process and must be able to influence what goes on around them. I am proud that we are getting to grips with the issue, finding out what works, disseminating good practice and calling all politicians to account for themselves. Through our commitment in the Queen's Speech to improve the security of all, to recognise the aspirations of all and to recognise the democratic aspirations of communities, I am sure that we will continue to deliver the progress that we have started on for another 10 years and more.

3.56 pm

Martin Horwood (Cheltenham) (LD): My principal concern with the Government's approach to environmental issues is not about a lack of good will on the part of the Government—we have heard a great deal of it today—but about a lack of urgency and ambition. I am also concerned about the failure to extend interest in the environment sufficiently beyond the narrow concerns of the Department for Environment, Food and Rural Affairs and into other parts of Government, including the Department for Communities and Local Government, whose programme we are also considering.

On climate change, the urgency is extreme. My hon. Friend the Member for Cambridge (David Howarth) pointed out the potential global catastrophe that we face. The Government's Stern report said that an increase in global temperatures of 2° would cause falling crop yields, water shortages, rising storm intensity, forest fires, droughts, flooding and heatwaves, and the possibly irreversible onset of the melting of the Greenland ice sheet and the collapse of all or part of the Amazonian rain forest. Stern quotes the intergovernmental panel on climate change's 2001 assessment as saying that the risk of that happening with atmospheric concentrations of CO_2 at 450 parts per million is 38 per cent. Stern also quotes the Hadley centre as saying that the likelihood is much higher, at 78 per cent. However, 38 per cent. is not a risk that I would even like to take crossing the road, let alone playing with the future of the planet.

Complacency even starts to creep in in the Stern report. Strangely, Stern draws from those alarming risks the conclusion that 550 parts per million is a safe target to aim for, which has been translated into the Government's targets. As I mentioned in an earlier intervention, the IPCC figures might be conservative. The recent fourth assessment report is based on data collected by 2004 and so misses out a great deal of recent and even more alarming research. That includes research that has said that carbon intensity in the global economy might not be decreasing, as the IPCC assumed, but increasing, owing to rapid economic growth in India and China, thus making the situation more alarming than thought. The picture might therefore be worse than the IPCC, Stern or DEFRA have realised.

So why is the target reduction in the Climate Change Bill still only 60 per cent. by 2050? The opinion that that target is utterly inadequate is now widespread. I was pleased to hear the hon. Member for High Peak (Tom Levitt) and other Labour Members agreeing with that proposition. I hope that we can form a cross-party consensus that the figure in the Bill needs to rise, although I was a little disappointed that at an event that the Conservative Front-Bench spokesman, the hon. Member for East Surrey (Mr. Ainsworth), and I attended yesterday he failed to support any increase above the 60 per cent. reduction in the Bill. I fear that the Conservatives will not be backing Friends of the Earth, the Liberal Democrats and others in arguing for much more ambitious targets.

Like the hon. Member for Brentwood and Ongar (Mr. Pickles), who spoke earlier, I regret the lack of urgency in bringing forward a marine Bill. We first consulted on the proposal, at length, in 2006. This year there has been a White Paper and yet more consultation. There is now a draft Bill, with yet more consultation in 2008, yet it is a measure that enjoys all-party support. We have years and years of consultation, but what we need is legislation. The need is urgent: more than half the UK's biodiversity is in our coastal waters, and the economic activity in those coastal waters is worth billions, yet the management of our seas is at the moment "ad hoc" and "reactive". Those are not my words; they are the words of the Government in one of their many consultations.

Worse still is the fact that some measures in the Government programme will pose a threat to our environment. Measures on housing, energy and planning address urgent and important issues, but all carry risks to the environment. They will, for instance, pave the way for a new generation of nuclear power stations, which the Liberal Democrats believe will be unpopular, unsustainable, unaffordable and unsafe for generations long into the distant future. If the

[Martin Horwood]

Government's energy strategy concentrated as much on renewable energy as it should do, we could look forward to a cleaner, greener future instead of being led down this dangerous path to nuclear new build. The planning reform Bill will be used as a cloak to facilitate the building of new nuclear power stations, probably on many of the same sites as the last generation of nuclear power stations, some of which could still be contaminated when they are overwhelmed by sea-level rises and storm surges due to climate change. To say that this is not joined-up thinking by the Government is to put it mildly.

Planning reform is certainly needed, but it is needed to entrench, rather than undermine, local people's rights. In my constituency, residents are happily watching hundreds of new houses being built on brownfield sites. In fact, local councillors of all parties have accepted a figure of 8,500 new houses, so there should be no accusations of nimbyism there, even though that insult is a rather feeble one that is used whenever local communities seek to defend their quality of life, which is something that they have every right to do. Councillors and politicians in Cheltenham draw the line, however, at building 14,500 new houses, or perhaps even more, under the new targets being imposed on us by Government inspectors soon. That would represent a 25 per cent. growth in the size of our town. If a similar kind of growth were imposed on Greater London, most of the Government's 3 million target would be met in one fell swoop.

Pushing all the new housing into a few urban extensions and a few growth point areas such as ours, thereby pushing development into the green belt and on to flood risk sites, threatens to bring about an unsustainable level of growth that will create urban sprawl and add further pressure to local roads and services. Such is the green light being given to developers that they are even eyeing up the Cotswolds area of outstanding natural beauty, which most local residents had assumed was absolutely sacrosanct from development.

Development is being aggressively promoted at Glenfall way in my constituency, which is inside the AONB. I hope that that application will be thrown out, and I equally hope that the planning reform Bill will not encourage developers to try again later, although I fear that it might. On another site, in Leckhampton, following 700 objections to a greenfield development that had previously been ruled inappropriate by two Government inspectors, an application has been made yet again. In effect, those 700 objections to the earlier, almost identical application will count for almost nothing, and the whole process will have to start all over again in the community. We need planning reform to level that playing field and to make it a fairer fight between local communities and aggressive developers.

I would object less if this manic push for huge numbers of new houses was actually going to work as a reliable way of delivering affordability. The truth is, however, that house prices in Cheltenham are high not because insufficient land has been released historically—in fact, there has been a massive amount of new building over the past 20 or 30 years—but because of a national trend towards higher house prices, which has been influenced as much by interest rates, mortgage lending and a lack of social housing as by a lack of land being released. Locally, we have outstanding schools, a thriving local economy, a fine, attractive town centre and attractive parks. All those factors would still be there if we experienced this enormous growth, and I suspect that we would still have relatively high house prices.

Of course the developers want to build on greenfield sites near towns such as Cheltenham: it is much more profitable than the alternatives. One such alternative is urban regeneration. It is no wonder that the west midlands regional development agency, in its evidence to the Communities and Local Government Committee, said that the policy of creating urban extensions next to relatively affluent towns would actually undermine urban regeneration. It is no wonder that there are complaints from less wealthy counties, such as Cornwall, which want and need the housing more. And it is no wonder that there are complaints from smaller, rural communities whose post offices, shops and schools are closing for lack of people and which are not being given the allocation of housing numbers that are being attached to large towns such as Cheltenham.

Another consequence of the headlong rush to have new build on valued green spaces is the loss of plant life, higher carbon emissions and loss of biodiversity, not to mention the straightforward loss of beauty, which is rarely mentioned by politicians, but valuable to our quality of life, mental health and the simple enjoyment of the countryside. Once lost, those green spaces are gone for ever. Instead of slow-tracking the Climate Change and marine Bills, which should have been fast-tracked, I suggest that the potentially disastrous market-driven predict-and-provide planning and housing policy is where the Government need to pause for thought, consult and go back to the drawing board.

4.5 pm

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): Before making my remarks on housing, I want to pick up one or two issues raised in the debate. First, a couple of hon. Members have referred to education, including the Chair of the Public Accounts Committee, the hon. Member for Gainsborough (Mr. Leigh), who talked about the academies programme. I think I can confidently state that I am the only parent in Parliament who has a child in an academy school. Let me say that I, for one, go down on my knees in gratitude for the three new academy schools in my constituency. Together, they will account for about £100 million of new buildings when completed. Those buildings replace a dilapidated, ugly and brutal three-site failing school. We hear so much nonsense and mythology about the schools programme, but it is right that the schools that were in the greatest need and in trouble have been given the priority for new buildings and management.

New buildings alone are not going to transform children's educational experience. One of the worrying contexts that we are failing to address on both sides of the House is the extent to which schools have polarised in their intake. New buildings or no new buildings, devolved management or no devolved management, it will be impossible to provide all our children, especially those from the most challenged backgrounds, with the quality of education that they need if we do not have a

mixed intake. A voucher-type scheme is the worst possible option. In some ways we have a de facto voucher scheme now, because parents apply for the most popular schools—those in highest demand—and those schools choose their parents and children. It is not a case of parents and children choosing those schools. As a result, the schools that are less popular gradually ratchet downwards, to become schools of last resort. That has to be turned around. Many different polices will be needed, including the academies programme and resource allocation. We need to be far more rigorous and honest about what is happening in our schools because of their admissions policies, and what we need to do to ensure a balanced intake.

The second issue that has arisen a couple of times is migration. I was grateful to my right hon. Friend the Secretary of State for Communities and Local Government for seeing some of us a few weeks ago to discuss the impact of new arrival communities on local services. We need to discuss the extent to which, while central Government benefit from migration and the contribution that migrants make to the economy, local communities have to deal with the service consequences of changing or growing populations. The problem is decades old; it is not new. We have to address it, but before we do, we must go further in ensuring that we have a reasonably accurate count of who is living in our local communities.

Again, it is easy to go for glib soundbites. No open democratic society in the world knows with absolute certainty what its population is, or where it is at any given time. As a member of the Home Affairs Committee, I was fortunate enough to go to Washington a couple of weeks ago. The American Government believe that there are 20 million people in the country who are not documented and whose location they do not know. It is a global problem, but what we can do is improve our capacity to measure at local level.

In 2001 I was a lone voice. It gives me no satisfaction—well, actually it does give me some satisfaction—to know that I was right. I was alone in saying that the local census count in my borough in central London would prove to be catastrophically wrong. I telephoned the censors and the Government during the weeks running up to the census to say there were whole estates to which forms had not been delivered, and which would therefore disappear from the count. We knew very well at an early stage that the count would be inaccurate. Incidentally, my local council took no interest in the possibility of an inaccurate population count until 18 months later, when the census was returned and it found that it had lost 24,000 people. Then it suddenly became a matter of great interest.

The Office for National Statistics had been wrong, and refused to admit it. Only now are we beginning to elicit from the ONS some recognition that its methods alone cannot cope with what is happening in our urban communities. It is not just to do with migration, although migration is part of it; it is also to do with churn, an issue that is hugely under-recognised by government at all levels. A population in which 30 per cent. of households move every year has massive implications for the delivery of services such as schools, social services and benefits, because it is very hard to count. When diverse communities exist along with communities with large numbers of properties in multiple occupation and a high level of mobility, a dry statistical measurement will simply not be enough. It is the services at the sharp end that will be affected, and it is the people who depend most on those services—often the most vulnerable—who will not be counted and will therefore not be provided with services.

The Government need to recognise that the Local Government Association has a point. It may have its own political axe to grind, but it has a point about numbers. They also need to recognise that we must vastly improve the partnership approach to the measurement of population. That involves not just the ONS, national insurance numbers and GP registrations, but a great deal of permanent outreach-based contact with populations and the matching of numerous data sources.

Housing is a long-standing concern of mine, and I welcome the new priority for house building that we have established in recent months. Mechanisms in the housing Bill will enable us to deliver the homes that are needed. I especially welcome the emphasis on social housing. As the sub-prime crisis across the Atlantic and its ripple effect have demonstrated, we have a genuine problem not just with those who cannot get a foot on the ladder—important though that is—but with those who cannot sustain home ownership. There are a growing number of such people, and sadly that number is likely to continue to grow. We must ensure that we not only provide homes for them, but do something critically important, by de-stigmatising affordable housing for rent.

Home ownership is a legitimate aspiration. It is a lovely aspiration. It is an aspiration that I am sure almost every hon. Member has fulfilled. It is not, however, a moral right. It does not confer a higher status on home owners, and it does not imply that those who cannot afford to buy their own homes are in some way inferior and as a consequence—for this is the practical manifestation—should not have the rights to choice, mobility and decency that the rest of us take for granted.

Of course the problem is partly due to a long-term failure to build new homes on the necessary scale, but it is also the result of the right to buy. That was a fantastic policy, and a windfall, for those who benefited from it directly, but it was a social catastrophe none the less. It left us in a position equivalent to running the bath taps with the plug out: building new homes while haemorrhaging social housing at the other end of the process. We must address that problem.

Although building new social homes is crucial, it is not enough. I welcome the fact that the Government are also seeking to implement some of the recommendations of John Hills' review of social housing. He has this year produced what is probably the most rigorous and thorough analysis of the social housing sector in generations. He has put forward some excellent proposals, mostly based on incentives and rightly rejecting the call we have heard from some quarters for an end to permanent tenancies for social tenants. That would be another inhumane and brutal social catastrophe. The incentives address issues such as downsizing and mobility. He also looked at the issue of worklessness among social tenants. That is not a problem to do with housing benefit, as has been suggested from the Opposition Benches. It is a

[Ms Karen Buck]

problem to do with rent: those who aspire to get into work at the lower end of the salary scale will be unable to clear their rent. If people are to be able to hold on to their homes, rather than be at risk of arrears and losing their homes, we must look more imaginatively at the relationship between the Department for Work and Pensions and the Department for Communities and Local Government in terms of the treatment of housing costs. It is criminal that families are trapped in poverty and worklessness because of the way in which rent and housing benefit currently interact.

I will push hard for the housing legislation to include the long promised and long overdue updating of overcrowding measures. In my constituency, we have families not of six people in two-bed flats, but of six people in one-bed flats. It is time we recognised the inhumanity of that level of overcrowding. We need a modern legislative response to give such families the hope that they will achieve what they rightly aspire to.

4.17 pm

Mr. Charles Walker (Broxbourne) (Con): I am grateful for the opportunity to speak in this important debate. At the outset, there was some marvellous political knockabout between the Secretary of State for Communities and Local Government and my hon. Friend the Member for Brentwood and Ongar (Mr. Pickles). It was a contest between a heavyweight and a lightweight. I say that meaning no disrespect to the Secretary of State, but there was clearly a size difference between them. I greatly enjoyed that knockabout and the exchange of insults across the Chamber concerning the idea that many Members were nimbys. The truth is that when it comes to representing our constituencies we are all nimbys, because we are elected and paid to represent their concerns in this Chamber. Many of us—almost all of us, I think—live in our constituencies, so many of their concerns are also our concerns. I therefore make no apology for being a nimby, and I do not think that any of my colleagues should make any apology for being nimbys either, because that is what we are here to be.

I wish to talk about concerns about house building. I represent a constituency north of London and just in the south of Hertfordshire, called Broxbourne. We have done our bit. Over the past few years, we have built 5,000 new homes. They needed to be built, and I am sure that we will build a few more homes in the coming years. However, there is concern in my constituency—and, I think, in others in the east and south-east—about sharing that burden. Why is it that when we talk about population growth most of it seems to be in those areas?

My constituents come to me to express their concerns, and they are confused. They say, "Charles, every morning we get up at 5.30; we have to get up that early because if we get to the station after 6.15 we can't get a seat on the train. We get on crowded trains—if we can even get on the train at all, as sometimes there's no room and it leaves without us. If we do manage to get on the train, when we reach one of the interchanges at the borders of London and we get off to board a tube train, those trains, too, are absolutely heaving." They are concerned. They do not know how the current infrastructure will cope with the forecast increase in population and the growth in new homes. Of course they cannot use the roads, because those are blocked from 6 o'clock in the morning; the M25 is gridlocked from about 6.30. So it is nimbyism in a sense, but it is also legitimate for people living in areas that are going to take the bulk of the new home-building to raise their concerns about infrastructure and to have them answered.

It is also very important that, in building new homes, we create communities and do not just build dormitories for London. Too much of what was built in my constituency could, I am afraid, be classed as a dormitory. There is very little mixed provision, with many small one-bedroomed or one and a half-bedroomed flats. People return to those flats in the evening from work and leave for work in the morning—there is very little engagement with the local community. Most of them, I am afraid, shop at the local supermarket, which does very little for the community shops. We need more mixed provision. We should build new homes that accommodate all groupings and all sizes of families—from homes for people living individually to proper family homes with three or four bedrooms, so that we can have mixed communities.

The great sadness of Broxbourne is that while we were building all these new flats, many of which are buy-to-let—although I recognise that buy-to-let provides homes for people—we were closing down primary schools. So although we were building more homes and increasing the population of my constituency, at the same time we were closing much-loved primary schools. My constituents would be a lot more relaxed about new house building if we could show them the benefits of it—for example, new youngsters coming to their schools.

In talking about mixed provision, we should also bring the issue of density into the discussion. Before moving to the sunlit uplands of Broxbourne to be its MP, I spent my professional career living in London. I lived in two wonderful Victorian terraced houses—one in Battersea and then one in Balham; I migrated to Balham to have my children. Those houses were clearly built to last—and yes, I lived in mixed communities. In both the places in London in which I lived, I had housing association houses and flats either side of me, and they were inhabited by wonderful people whom I became great friends with, so I have nothing against mixed communities, which I think are good and socially cohesive.

However, when we build new homes, can we please draw from the past and look at how the Victorians and Georgians did it? Such homes are still hugely desirable. In the 1960s, many terraced houses in Battersea were pulled down to make way for new high-rise council blocks. Although desirable, those council blocks are not now as desirable as the terraced houses that were left. A three-bedroomed terraced Victorian home, for example, can sell for upwards of £600,000. So before knocking down Victorian homes in the north of England, the Government should think carefully and consider whether it would make more sense to invest in those homes to ensure that they last another 100 or 200 years.

I now turn to social housing. People are willing to accept more houses in their communities if they are for their young people. In Broxbourne, people with local links—youngsters who were born and educated in the community, and who work and have family there—are

given additional points toward getting a housing association house. That is a good thing. Strong communities need to be inter-generational. At a time when more and more women are entering the workplace and having to balance their family duties with their work duties, it is important to have that network of support—aunts and uncles, brothers, grannies and granddads. So we should have mixed provision to support inter-generational communities, and ensure that in building social housing, local people know that they will be first in the queue for those houses.

I urge us to consider the environment. The Environment Agency, which has no particular political axe to grind, has told me that the east of England is running short of water and that there is simply no more available. We know that, because when we drive around Hertfordshire we see many rivers at a fraction of their original flow, and some that have run dry. When we are talking about saving the planet from global warming, it is incumbent on politicians in this place not only to think globally, but to act locally to preserve our environment, particularly our riverine environment.

Finally, let us consider the green belt. It does not belong to anyone in this Chamber; we are purely custodians of it for future generations. I urge the Government to think carefully, as I am sure they will, before building on the green belt. I say that with the best will in the world. Once green belt land has been built on, it can never be got back. Broxbourne is lucky to have green belt land. Perhaps I take it for granted, but I know that many London families come from Harrow, Enfield and other boroughs to enjoy it at weekends. They walk their dogs and enjoy the wonderful picnic places that our green belt provides.

That is the sum total of my contribution. I have spoken for three minutes less than my full allotment, and I hope that the time can be used wisely by other colleagues in this place.

4.26 pm

Mr. Jamie Reed (Copeland) (Lab): I shall endeavour to use the time wisely, and I am grateful to the hon. Member for Broxbourne (Mr. Walker)

The Queen's Speech charts a clear course of action for this Government and for our country. In an era of insincere political gimmicks and gesture politics of the worst kind, the Government's legislative programme sets out to tackle the major issues of our time in a methodical, measured and practical way. It contains a sober analysis of the issues that the country faces and sets out the policies to address them. For all its surety, there is a profoundly progressive and radical element to the Government's programme, which no amount of shrill criticism can drown out. Members of this House perform a great disservice to politics when they fail to engage with the arguments and the policies put before them for their consideration and instead attempt to mislead the public that black is white and white is black. This programme is remarkable, in part, precisely because it seeks to avoid that tired practice and because it tackles the issues of our day head on.

Of course, it is the Opposition's job to oppose, to interrogate and to scrutinise these proposals, and I hope that they do so well. Perhaps, if the right spirit is adopted, they will seek to form a consensus with the Government on a series of issues for the benefit of the nation. That is a sincere hope. I will now identify a series of areas where such an approach is needed immediately.

The first such area is the Climate Change Bill. The Government should be commended on being the first Government in the history of this nation and the world to bring forward such a far-reaching and ambitious Bill. There can be no doubt that it is truly radical. The fight against climate change is for my generation what the Cold War was for my parents' generation and what the fight against fascism was for my grandparents' generation.

The nature of the problem means that this is not a simple matter of generational politics. As most of us know, but not all of us accept, it is the issue that most threatens our very existence, whatever our nationality, religion, race or class. No part of the political spectrum can claim sole ownership of this issue, but I firmly believe that the fight against climate change can be fought and won only with progressive policy solutions. The market will not rescue the planet from rising sea levels and burning woodlands. Climate change will affect the poorest first and it will affect them the worst. That is perhaps its only certainty, and it is why it demands a progressive response. It cannot be left to the market, because the market cannot solve the problems caused by climate change, nor can market mechanisms, of themselves, provide us with the means with which to fight climate change.

The state, acting nationally and internationally, is the best and most effective tool that we have to combat climate change. The issue requires better government, not simply smaller government, so let us work together on both sides of this House to make the Bill work, bearing in mind that if we do not do so, my generation and every successive generation will believe that this House, and perhaps even democratic governance itself, is unable to solve the problems of most importance to the country and the planet. Let us consider the ramifications of that for not only the environment, but society, democracy and our entire way of life.

Let us also consider something else when we debate the minutiae of this policy: this is a time for solutions, not gestures. It may be that our political culture and our political dynamics are simply not suited to achieving effective solutions to issues such as climate change. The adversarial nature of this House at present facilitates only the achievement of fleeting, partisan political advantage, and that is worthless. We all have the opportunity to change that: we have the opportunity to demonstrate that the Members of this House seek to serve the people of this country and to solve the problems that they face. That is the change that the British people require, and those are the changes that this legislative agenda demands of us in this House. The stakes have never been higher. The consequences of failure have never been greater. These issues are more important than any of our individual political fortunes.

For the Climate Change Bill to work, it requires a series of complementary Bills, especially on planning and energy policy. Changes to the planning system of this country are long overdue and I am pleased that the Government have recognised that in the Queen's speech. The Climate Change Bill also requires a

[Mr. Jamie Reed]

consensus. But the area where a consensus is most urgently required is energy policy, especially nuclear energy. Put simply, without new nuclear energy in Britain, we have no chance of leading the fight against climate change, strengthening our energy supplies and continuing our economic growth.

Before entering the House, I worked in the nuclear industry and campaigned for new nuclear and for a better understanding of the industry in the media and across the political spectrum. I must say that, for the most part, I have found the understanding of nuclear issues in this House to be nothing short of pathetic—that is the most charitable word I can find. Since entering the House, I have worked with the industry, the Government, utility companies and the trade unions to further the nuclear case. It has been a relentless endeavour, but logic, science, the imperatives of climate change and the overwhelming national interest would appear to have prevailed.

I am pleased that the Prime Minister has shown the strength and courage necessary to take these difficult decisions. It would be easy for the Prime Minister to strike populist oppositional poses on nuclear, much as the Leader of the Opposition has done. But difficult decisions call for people of real strength and integrity: there is no room for cowardice or opportunism on such matters, and the Prime Minister has demonstrated that he is the only party leader prepared to take the tough political decisions this nation needs. On behalf of 17,000 workers in my constituency and more than 40,000 nuclear workers nationwide, I thank him for that.

In the spirit of consensus, I want to change that. I want, and the market wants, a consensus on nuclear. The Liberal Democrats have an official view—they are anti-nuclear. That position is, in my view, deeply flawed, but it is at least sincerely held. But I know that several Liberal Democrat MPs—none of whom is in the Chamber at present—are pro-nuclear, and I hope that they can find their voice and help to build the consensus that I seek.

The official policy of the Conservatives is anti-nuclear, but I also know that the majority of Conservative MPs are pro-nuclear. I hope that those men and women find their voice soon and force a change in the views of the Leader of the Opposition and his Front-Bench energy spokespeople so that we can achieve a consensus. The policy of nuclear energy as a "last resort" is perhaps the best illustration of the political malaise that the Queen's Speech seeks to leave behind. Indeed, it was cited as such by the hon. Member for Grantham and Stamford (Mr. Davies) when he left the Conservatives for Labour recently.

The Conservative position deserves some exploration. The policy of nuclear as a last resort, if adopted, would ensure the demise of the British nuclear industry and with it, more than 100,000 British jobs, directly and indirectly. It would weaken our national scientific, engineering, academic and mechanical disciplines, impoverish our ability to strengthen the security of our energy supplies and undermine our efforts to combat climate change. Why? Because after decades of decline and having now won the arguments, the nuclear industry needs new entrants at every level—scientific, mechanical, professional, academic and industrial. Decades of neglect have resulted in a shrunken, ageing skills base. Unless the industry is supported now, there will be no industry to support in the future. To delay is to decide—as I wrote in my letter to the Leader of the Opposition, calling on him to abandon his opposition to the industry earlier this year. I still await a reply.

What informs the Conservatives' policy? It is based upon a tragic conflation of factors. First, the Leader of the Opposition is anti-nuclear and believes that the public are anti-nuclear. He is wrong in that assertion, but he believes that it is a populist position. Secondly, fearful of his colleagues who support the industry, he has not the courage to confront his Back Benchers with the reality of his policy. Thirdly, he hopes to shave votes from the Liberal Democrats in Tory-Lib Dem marginals in the south of England, having clearly abandoned the north of England, Scotland and Wales. Finally, he either fails to understand the need for nuclear in the fight against climate change, which in itself provides a shocking illustration of his understanding of the realities, or he does understand, but is willing to place his political fortunes above those of the future of this country and the planet. The change that this country needs is the change from cynical, cowardly, political calculations such as that. The Leader of the Opposition can help assist this change in one of two ways—either by admitting his policy is wrong and supporting the Government, or by taking a clear, principled anti-nuclear position and allowing his colleagues a free vote on the Government's plans.

I am passionate about this matter, because it means everything to my constituents and to the very fabric of my constituency. For me, it is not a question of choosing one electricity generating source over another. The nuclear industry dominates my economy: indeed, it sustains 60 per cent. of it, including schools, hospitals, services in both the public and private sectors, the housing market and the transport infrastructure. There is not one area of west Cumbrian life that the nuclear industry does not touch, and that is why the Conservative proposals are so dangerous. They threaten not only the future of the British nuclear industry and all that depends on it, but west Cumbria's very existence.

The future success of west Cumbria is facilitated by the Queen's Speech. That success is the only reason I am in this House. Nowhere else in this country or even the world is the symbiosis of economic, environmental and energy policies as evident as it is in west Cumbria.

I could go on but, in fairness to other colleagues, I shall bring my remarks to a close. Politics matters, and on Sunday I shall join hundreds of others at Whitehaven's war memorial in reflecting on what happens when politics fails. Robert Kennedy said:

> "Progress is a nice word. But change is its motivator. And change has its enemies."

I appeal to hon. Members of all parties not to be the enemies of change.

4.36 pm

Mr. Nick Hurd (Ruislip-Northwood) (Con): I want to offer the debate some brief observations about the Climate Change Bill, from the perspective of someone who, like the hon. Member for Cambridge (David

Howarth), served on the Joint Committee that considered it in draft, and who also sits on the Environmental Audit Committee.

It is clear that the Bill is needed. The inconvenient truth is that our country, which legitimately takes pride in its leadership on climate change, is failing to stabilise emissions, let alone reduce them. Carbon dioxide emissions in this country have risen since 1997 and, at a critical time in the international process, it is very important that we get back on track. We need a new process for setting targets, and for testing their validity and relevance. We also need new ways to test the Government's credibility in meeting those targets and setting a framework to which the market can react.

We have an opportunity to set an example for other countries to follow. The Climate Change Bill is welcome and extremely important, and I have four observations to make about it. First, there will be a lot of debate about the long-term carbon emissions target for 2050—that is, whether emissions should be cut by 60 or 80 per cent. A year ago, I wrote a report for the Conservative party's quality of life commission saying that emissions should be cut by at least 80 per cent. That is my personal view but, while it is entirely right that we build consensus through the voice of an independent Committee, it will be too sluggish a process if we have to wait until 2009 for that opinion, given that it is the trajectory of emissions reductions that is important.

In that context, I encourage the Secretary of State for Environment, Food and Rural Affairs—who I hope will have a bit more time to focus on climate change, after all the other matters that he has had to deal with—to think more carefully about the language that the Government use about the temperature stabilisation ranges that drive emissions targets. They talk about their desire not to cross the 2° increase threshold, and that is enormously important in view of the costs and risks that would arise if it were crossed. We have a moral duty, as the hon. Member for Copeland (Mr. Reed) noted, to keep temperature change below that level, but Government statements on the matter sound increasingly incredible because they continue to talk about a stabilisation range that includes an extreme for carbon emissions of 550 parts per million.

As Stern has said, that is a very dangerous place to be, given that his models suggest that there is a 63 to 92 per cent. probability that the 2° increase threshold will be overshot. If the Government stick to the vague and broad language that they have used hitherto, they will lose credibility. They have an opportunity to send a much stronger signal to the international community, at a critical time, about this country's level of ambition.

However, I am reluctant to allow the debate to focus on the long-term targets alone. I believe that the interim targets for 2025 are the most important, as they are the ones that will bite on today's decision makers, whether they be in Whitehall or in Britain's civic centres and business boardrooms. The challenge, in the context of failure, is to really get on top of emissions, and the interim targets are essential. Like the hon. Member for Cambridge, I do not understand why there is an upper limit and why we continue to drag our feet about aviation and shipping. Neither do I understand why the targets do not include—or at least refer to—all greenhouse gases, given that we are in danger of sounding extremely complacent in that regard.

My next observation on the Bill is that the really important innovation is the carbon budgets. They will allow us to deal with the real issue, which is the cumulative carbon emissions. The other really important innovation is the committee on climate change. It was clear to me in the scrutiny Committee that there is an enormous weight of expectation on that committee. I have no idea what Olympians the Secretary of State has in mind to serve on it, but they will have an extremely difficult task. The key decision, which will perhaps underpin the credibility of the whole Bill and the Government's process here, is the appointment of the first chairman of the committee. The signal that is sent by that will be very important.

The background to this is that there is a growing voice of concern that the Prime Minister does not have the same passion and enthusiasm for climate change as his predecessor. If the first appointment as the chairman of this body is seen to be a poodle who does not have the authority or ability to cause the Government discomfort—which seems to be a crucial element of that role—it will send a negative signal to the marketplace. That is a key bell-wether decision that will tell us a lot about the Prime Minister's ambition and true commitment to the climate change agenda.

My last observation about the Bill is that we should not see it as a fig leaf. Let us not see it as a Bill that simply ticks the box for climate change and the environment. The challenge is delivery. Setting the right framework is essential, but the Stern report will not implement itself. A framework Bill is just a framework Bill. It is the policies that underpin it that are vital. This is not a call for more policies and initiatives. In fact, the evidence seemed to come through on the Environmental Audit Committee that we almost have too many policy initiatives. There is a complex framework of policies and institutions that overlap and, arguably, muddle and confuse. There may even be an argument for pulling back and doing less much better.

In that context, I would argue that it is disappointing that in the Bill and the discussion on policy there is not more emphasis on picking the low-hanging fruit and cracking the conundrum of generating more energy efficiency in the existing housing stock. That is the main issue. It is the ultimate no-regrets policy. The time is absolutely right because, for the first time in our generation, energy pricing is a real issue. We have all grown up in an era of relatively cheap energy. That is changing. This is the opportunity to break through consumer inertia on energy efficiency.

I am not convinced—much of the evidence that we received on the Environmental Audit Committee reinforces my view—that the Government have thought hard enough on this issue. They are not showing adequate ambition, and that is a pity. To persuade people to take action to save the planet and save money at the same time seems a compelling proposition if we get it right. We have a key opportunity to engage communities and individuals. Several hon. Members, including the hon. Members for Stafford (Mr. Kidney) and for High Peak (Tom Levitt), talked about the under-exploited opportunity to make communities and individuals engage with climate change and drive the bottom-up process, which is fundamental

[Mr. Nick Hurd]

to sustaining the change in values and behaviour that we must achieve to address the problem.

I close by drawing the attention of the Secretary of State to the Sustainable Communities Act 2007, which it was my privilege to promote in the last Parliament. It jumped through all the hoops solely on the basis of the cross-party support that it had. Two members of the Committee that considered the Bill—the hon. Members for Eltham (Clive Efford) and for Llanelli (Nia Griffith)—are sitting on the Benches behind the Secretary of State. The Minister with whom I negotiated the Bill, the now Minister for the Environment, was sitting alongside the Secretary of State earlier. My Bill is potentially a tool in his box. It requires central Government to think more deeply about sustainable communities and to develop a national strategy. It throws down a challenge and opportunity for local authorities and communities to engage in that process and have a real voice in it. For the first time, it gives them an opportunity to see how every pound of taxpayers' money is spent in their communities and to argue for reallocation of resources and functions. It is an opportunity for them to engage in a genuine way in decisions that will shape the influence of their community on the climate, including how they source energy, distribute energy, move goods and move themselves. It is a wonderful opportunity.

My Bill was not born in the Government and not invented by the Government. My concern is that it should be implemented with the same energy and enthusiasm as if it were. Many people have high expectations, want to get engaged in the process and do not want to be let down by the Government. So if the Secretary of State has not had the opportunity to look at the implications of the Bill for the climate change agenda, I suggest that he does so and encourages his colleagues in the Department for Communities and Local Government to implement the Bill with real energy and enthusiasm.

4.45 pm

Clive Efford (Eltham) (Lab): The Queen's Speech contains radical proposals on families, climate change, housing and local government. I want to focus on local government and the empowerment of local communities so it is fitting that I follow the hon. Member for Ruislip-Northwood (Mr. Hurd). I congratulate him on his success in bringing in the Sustainable Communities Act 2007 and on the prospect of its enactment.

Many communities feel a sense of detachment, and in this place and elsewhere politicians have debated how we can get our local communities to re-engage with the democratic process. Part of the difficulty is that people can perceive the problems with their communities—they live with them every day—but there is a disconnection between the solutions and their enactment. When people express concern to us about local community issues, we as politicians need to engage them in the implementation of the solutions.

As a Member who works with the local community to try to deal with some of the problems, I feel frustrated that I have no decision-making powers to will people the resources to carry out the changes they want. People in my community propose excellent projects that would make a huge difference, but those projects fall by the wayside because there are neither the resources nor the capacity, through statutory or other bodies, to support such schemes into fruition.

If we are to engage with local communities, we need to bring about change in the way that local government and other local statutory bodies work. For that, we need flexibility so I welcome the consultation document produced by the Department for Communities and Local Government—the action plan for empowering local communities—which states that there will be a reduction in the number of targets set locally to allow local authorities more flexibility.

Most of the Members who have spoken in the debate have a local government background, so we know that by the time a local authority receives its rate support grant and other funding 99 per cent. of the money has already been spent on all the statutory functions of local government, such as schools, social services or support for children in care. There is little flexibility in the budget to meet the challenging demands that will come from the empowerment of local communities.

I urge the Government to consider targeting those powers so that it is not just the sharp-elbowed, well-educated communities that come first and get what they want, but the most deprived and challenged communities are helped to engage in improving the quality of life in their area. If the engagement and empowerment of local communities is to work, the process has to drill down to them, as my right hon. Friend the Secretary of State for Communities and Local Government said. People are already engaged—they know what is wrong in their communities—and we have to find mechanisms to encourage them and give them a supporting hand to take things to the next stage. Quite often other communities with the wherewithal jump to the front of the queue before the deprived communities get a chance. That is where we must make a difference.

I welcome the measures on the empowerment of local councillors; I would have welcomed them when I was a local councillor. However, they might provide an opportunity for people to make trouble just to make a name for themselves. We must be careful to ensure that the councillors empowered to work up projects in their local communities are not just politically motivated and that they are genuinely of the community and for the community. For example, it is easy to organise a petition for speed humps in a road, to demand that the road humps are put in place and then to complain about the council if that is not done. I am sure that we have all been guilty of doing something similar in the past. However, is that community empowerment or is community empowerment about enabling the parents who are concerned about the lack of facilities for young people to come forward to say that something should be done about that? The latter is the real change that we need.

I very much welcome the idea of transferring assets but not the idea of the well heeled, well-educated sections of the community coming forward to elbow their way to taking over the running of services in their area. Real changes must take place in the communities where the changes are most needed. However, there is a great deal of good will towards the idea of people coming forward to participate and we must provide the basics so that local people can be empowered to take

over the running of local assets and services for themselves. The schemes must be sustainable.

Neighbourhood renewal will come to an end at the end of March next year. I have chaired a local neighbourhood renewal project and, through talking to the local community and challenging the local authority to respond to the issues that have been put on the agenda by the local community and not by officers from the local authority, we have actually managed to implement some enormous changes. We now have an adult learning centre at a local school in which £1.5 million has been invested to make it fully accessible to the disabled. The school has been expanded further by introducing a children's centre. The seedcorn money for that came from decisions that were made at the local neighbourhood renewal panel and that money set everything in train. Ideas came from the local school with the support of the local community and the arguments were put forward at the neighbourhood renewal panel. Therefore, the decisions were made by local people. Similarly with neighbourhood wardens, and the initiative that we took with Charlton Athletic football club that has brought youth work on to the estates, it has all come about as the result of community initiatives—people becoming involved, perceiving a problem and identifying what they would like to do to solve it.

We need to find the resources to enable people to become involved. The key to change is having the resources and the local community having the power to take decisions about those resources without the decisions being made for it. Having the decisions taken elsewhere leads to disengagement. Instead, those who perceive the problem should be part of finding its solution.

If we are to empower local communities, we should also empower the tenants to decide who should be their landlord. If we talk about empowering local communities, we are not consistent if we continue to deny local tenants the opportunity to remain council tenants if that is their wish. Any future arrangements for the financing of housing should include that option. Tenants should not be forced down the route of becoming an arm's length management organisation or any other body that is at arm's length from the local authority. However, if that happens and difficulties arise, the assumption should be that the housing returns to the control of the local authority and does not pass into the private sector or anywhere else.

In the few minutes that I have left, I would like to discuss planning. Several Members have said that the crisis in housing has grown despite the Government's efforts over the past 10 years. In a report that was published in June, the Royal Town Planning Institute indicated that a start date was awaited for the building programmes for 225,000 homes on 14,000 acres of land, although planning permission for the homes had been given. I recently met the private company that has just taken on responsibility for developing the Kidbrooke area. We are going to knock down 1,900 homes on an estate and replace them with 4,400 homes, and we are about a third to half way through decanting the estate. The private company will submit a planning application in the new year to start the first phase of the development. When I asked how long the company would be on site from beginning to end, I was told that it would take 10 to 15 years to build 4,400 homes. It cannot be right that it will take that long to implement such a development.

Given that the RTPI indicates that 225,000 homes are awaiting building start dates, we will have to set timetables for the implementation of planning applications because we will otherwise not meet the targets that we are setting ourselves. I am absolutely sick and tired of three generations of a family who live in the same home coming to see me in my surgery when I know that there is little that I can do to help them to find housing. The problem is that we are not building homes quickly enough. The planning permission is in place, but the development is not happening.

I welcome the Government's proposals for trying to streamline some of the processes involved in public inquiries. It might be fine strategically if they are going to set a national plan for three nuclear power stations and then leave the planning commission to sort that out. However, with regard to the Thames Gateway bridge, if it were said, "We need a bridge in east London," and that was left to an inquiry, that would not be acceptable.

4.57 pm

Sarah Teather (Brent, East) (LD): I shall touch on several issues that were raised by my neighbour, the hon. Member for Regent's Park and Kensington, North (Ms Buck), which relate principally to poor Government statistics, their poor use and their impact on the funding of services in Brent.

My first example relates to Office for National Statistics information and migration figures. Brent's population was given as 269,000 in the 2001 census and ONS thought that it had increased by only 1,800 by mid-2006. Of course, ONS statistics are used to predict the grant settlement for local government, as well as to determine the funding of local health services. Those statistics show that Brent's population should be broadly static over the next three years, but the Greater London authority's projections of Brent's population, which take account of planned housing developments, estimate that Brent's population is 279,000 and that it will increase to 290,000 by 2011. Those estimates are more in line with council figures on school registrations and the housing transfer list, which shows that some 20,000 families in Brent are waiting to be re-housed.

Work commissioned by Brent council from Professor Les Mayhew that involved such data as GP registrations, school databases and housing and council tax records—all the different types of databases were correlated, which is what the hon. Lady was talking about—demonstrated that Brent's population in July 2007 could have been as high as 289,000. There is thus a massive discrepancy between the figures that we believe to be true in Brent and those that the Government use. ONS figures in mid-2006 showed that there were 47,000 children under the age of 14 in Brent, whereas Revenue and Customs figures based on child benefit entitlement indicated that there were 52,000 children aged under 14, so the Government have massive discrepancies in their databases.

The issue is not just migration but churn. We have the highest rate of houses in multiple occupancy in the country, so there is a very transient population. On

[Sarah Teather]

migration, along with Newham, Brent has the highest number of non-UK national insurance registrations of any council area in the country. That gives some indication of the scale of migration in and out of the borough.

Each person who is undercounted costs the council £500 a year in Government grant. That has a massive impact on funding. The projected undercounting, and the historical and current position, has a massive impact on the funding of services in Brent. Also, changes in formulae for adult and children's social care funding have adversely affected many London local authorities. Those factors combined have meant that Brent is on the floor when calculating the grant settlement. As the Minister for Local Government pointed out earlier this year, the comprehensive spending review for 2007 is a very tight settlement for local authorities. There is real anxiety that if there is a big differentiation between councils that are on the average and those that are on the floor, councils such as Brent—one of the most needy local authorities in the country—may get a settlement at less than the rate of inflation. That would represent a real-terms cut in the money that is available for valuable local services for vulnerable people in my constituency.

Brent has five of the 200 most deprived wards in London and, as in many boroughs, there is massive pressure on the social services budget. The sweetener for local authorities in the comprehensive spending review—that 2 per cent. supplementary business rate—is not accessible to any London local authority because it goes to the Greater London authority to pay for Crossrail. In fact, local authorities in London will have to pay as a result, because they will have to pay on their own council buildings.

There are other pressures on the budget. For example, cost-shunting from the health service is estimated at £11 million. I should like to return to that, if I have time. There is also the impending reform of the neighbourhood renewal money. Brent currently receives £2.27 million a year from the neighbourhood renewal fund, which is spent in the most deprived neighbourhoods in the borough—Harlesden, Stonebridge, St. Raphael's, Brentfield and the Church End estate. It is spent on targeted employment intervention, community safety work such as tackling gun and knife crime—a massive problem in my constituency—reassurance policing in Harlesden and St. Raphael's, and award-winning extended schools projects, such as that at Mitchell Brook primary school.

There is real anxiety that if that money is cut in any way, it will undermine the work that is being done. Working with the most deprived communities requires a long-term build-up of trust. If we put money in and then take it away before people have had the chance to build relationships with their community, we might as well not have provided the money in the first place. My plea to Ministers is that they should think about how they reform the fund, so that long-term work is sustainable and can be continued.

The second issue related to statistics concerns funding for education in Brent. The most immediate crisis is in capital funding. There has been a dramatic rise in population, both through migration and birth rate, and it is putting immense pressure on Brent's schools. Of course, in such matters the Government use not ONS statistics but school rolls. However, the system that they use does not appear to be capable of keeping pace with the rapid population rise in Brent. The lower end of the projection, which is based on housing capacity, is that the shortfall in school places could be as much as five forms of entry for primary schools by 2009-10, and eight forms of entry for secondary schools by 2016. I already see the impact in my constituency work: distressed parents find that they are unable to get a school for their child.

In the short term, there has been a 7 per cent. increase in applications for reception just this year. Four emergency primary classes have had to be opened, some of which are in temporary classrooms. The council is trying to place in primary schools 80 children who have arrived in Brent since September this year. All the secondary schools are already full, apart from one Catholic boys' school. The council is trying to place 100 children who have arrived since September in secondary schools. In addition, 200 secondary-school children are currently in specialist language or GCSE short courses, and will need to transfer to mainstream places as soon as possible.

The primary capital programme is available in 2009, but it comes too late for Brent. Brent needs that help now. We are somewhere between waves 7 and 11 of building schools for the future. The problem with that programme is that it relies on rolls falling nationally, and does not cater for places such as Brent where the rolls are rising very rapidly indeed. The only funding system for building new schools is the academies programme. Regardless of one's political view about that programme, it is the only system available for the council to build a new school in Brent.

The John Kelly schools in my constituency are teaching twice as many students as they were built to teach. Most of the extra capacity is provided by temporary classrooms, which have been in existence for 30 years. They are an absolute disgrace, and I request that a Minister come and see the state of those buildings and the conditions in which students and teachers are working. It is remarkable that the schools manage to achieve the results that they do. Brent is classified as one of the six local authorities that must pay inner-London weighting to staff but which are treated as outer London boroughs for the purpose of funding. That same discrepancy occurs in the health system. I raised the issue with Ministers in 2004, when I was promised that the situation would be looked at again. The council estimates that the problem costs between £3 million and £4 million in education funding, but Ministers have not reviewed the issue. I hope that they do so, because it leaves children in Brent short-changed by a considerable amount of money. The same situation affects colleges in Brent, which receive almost no area uplift compared with other parts of London.

In the final two minutes available to me, I wish to turn to the issue of health. I have mentioned the discrepancy in funding for inner and outer London, which affects health as well. The projected population statistics affect the money available for health services in Brent. The problem is compounded by mismanagement and pressures on the doctors' contract, targets and top slicing by the

London strategic health authority, which have impacted on the capital's primary care trusts. PCTs in Brent managed to reach the heady heights of being in debt to the tune of £53 million earlier this year, and have undertaken devastating cuts to preventive health care. We have seen a retreat to reactive services—I believed that that health service policy was long gone—so while the Government have made all the right noises on preventive health, I am afraid that in Brent the impact of health cuts has produced a different result.

I have spoken before about the impact on children's services and the clinics that have been closed, but I should like to raise a few other issues that are very pressing indeed in Brent. The teenage pregnancy rate in Brent is much higher than the national average, and there have been cuts in school nursing services and in sexual health funding. Smoking cessation services have been cut, and healthy eating educational work will be undermined by school nursing cuts and the closure of school clinics. The educational achievements of looked-after children and those with special educational needs will be undermined by vast cuts to physiotherapy, occupational therapy, speech and language therapy and educational psychologist services. Tuberculosis services have been cut, which is quite astonishing, as Brent is the worst affected borough in London, and has suffered from the withdrawal of joint working with the council on regeneration services. Those cuts will last a lifetime, and they will affect a generation. I implore the Government to think again, and look at how services are funded in Brent.

5.9 pm

Colin Challen (Morley and Rothwell) (Lab): In 2050, when a grateful nation reads the record of this historic debate, it will look in particular at the names of my hon. Friends the Members for Bedford (Patrick Hall) and for Southampton, Test (Dr. Whitehead), the hon. Members for Ruislip-Northwood (Mr. Hurd) and for Cambridge (David Howarth), and my hon. Friend the Member for Stafford (Mr. Kidney), who provided cross-party consensus on the Climate Change Bill. That consensus is built on a sane and rational approach, and it goes well beyond anything that we have experienced in party politics for a very long time. I, too, hope to contribute to that sane and rational approach in the remaining 10 minutes available to me.

I welcome the Bill. It builds on the leadership that Tony Blair created at Gleneagles and with the commissioning of the Stern review. However, 10 kg of good hard work can be undone by 1 g of poor work. If we try to undermine the European Union's 20 per cent. renewables target by going for the smallest possible contribution—perhaps 10 per cent. or less—that will do considerable harm to our reputation. Many speakers this afternoon said that the target of 60 per cent. in the Bill should be increased. Indeed, the Prime Minister himself has said so. There is wide consensus now about a higher figure. The Stern review, the intergovernmental panel on climate change, the Exeter science conference and informed opinion around the world all suggest that our targets must be far higher.

In a speech on Monday this week, the leading Democrat candidate for the White House said that she would negotiate mandatory targets and that that would include a cut of 80 per cent. in United States emissions by 2050. Has she not paid attention to our caution? She added that she wanted America to lead the "global green revolution" and said that such an ambitious target would help to create 5 million new jobs. She said:

"You have heard of white collar jobs and blue collar jobs...these will be green collar jobs."

At last we have somebody heading for the White House who can put two and two together. She also said:

"This"—

that is, climate change—

"is too important. We cannot afford to wait two more years."

That, too, is very important. We in the United Kingdom cannot afford to wait two more years for the climate change committee to reconsider the target. There is a global consensus emerging on a far higher figure. The 60 per cent. figure looks dated. All the other Democrat candidates for the presidency agree with Hilary Clinton.

Why must we delay, when Germany is forging ahead under Chancellor Angela Merkel? She called a Cabinet Konklave meeting in August to discuss a new integrated climate and energy programme. A target of 40 per cent. less CO_2 by 2020 was set—rather more ambitious than our own target, which is capped at 32 per cent. I fear that when we set a lower target, that is the de facto target on which we will set our sights.

Germany's existing climate and energy policies are already delivering economic growth—250,000 new jobs are one sign of that. Yet we have renewable energy resources that are generally reckoned to be 50 per cent. better than Germany's. Our ambitions, our energy resources, our technological capacity could be brought to bear to make us the world's leading green economy. Despite some successes, we are in the main too indecisive, and industry sources point out that by 2011 Germany will have 32,000 MW of wind capacity, whereas we will have just one third of that. That is not good enough.

The Climate Change Bill must be an urgent catalyst for change, and for that to happen it needs to be amended. That is not to say that a precise figure can today be inserted to replace 60 per cent. Rather, as the Joint Committee on the draft Bill and the Environmental Audit Committee recommended, the Government should publish their rationale for settling on any figure. As the former Secretary of State for Environment, Food and Rural Affairs, the present Foreign Secretary, told the Environmental Audit Committee,

"you cannot pluck a figure out of thin air."

The irony is that the Government have not plucked a figure out of thin air, but are nevertheless refusing to acknowledge the rationale for their choice. They refuse to acknowledge that the original Royal Commission on Environmental Pollution report published in 2000, which first came up with 60 per cent., did so on the basis of the contraction and convergence framework devised by the Global Commons Institute. I sometimes tire of pointing that out to people. I am beginning to sound like a cracked record, but for some reason the Government are embarrassed by that piece of history and have answered my queries and parliamentary questions with unnecessarily evasive answers, almost as if contraction and convergence was some kind of shameful state secret and if it ever got out, the ravens in the Tower of London would fly off and never return.

[Colin Challen]

What appears to be the case, and why the two-year delay has come into play is that our potential support for contraction and convergence—I recognise that there is potential support for that framework or any other—must be camouflaged until we get to the United Nations COP talks in Copenhagen in 2009. That fits in with the Tyndall centre's characterisation of the previous COP talks in Nairobi as being like a race to be second, owing to the fear felt by delegations that being bold about anything might leave them up the negotiating creek without a paddle. We must build a consensus and ensure that others come with us. Many nations now support contraction and convergence; indeed, some are looking to us to lead on that.

How does our reluctance to talk about that square with our boast of being the first country with a Climate Change Bill, which seems a bit of a contradiction when we know that any such Bill has to be global? We cannot just rely on a scientist to tell us what the target has to be; we must discuss how the political responsibility for achieving it should be distributed. The fact that we will have had a Climate Change Act on the statute book for nearly two years come 2009 will be important. We will no doubt urge others to follow in our footsteps. If we do, however, we will have to share with them our wisdom, and I am afraid that that means laying our cards on the table. I strongly urge the Government to take the next obvious step, one year on from Stern, and bring together a national climate change framework convention here in the UK, which will help to formulate our position in the international arena. If the independent climate change committee is to work out the new target, it needs not only to consider the science, but to figure out how to distribute the responsibility that I have mentioned. That task should not be left to a handful of people, no matter how qualified they may be to do it.

In considering the significance of the committee and its duty to report to Parliament, I firmly believe that Parliament should play a role in its appointment. That would best be achieved by submitting nominees' names to a Select Committee for scrutiny. I suggest that the Environmental Audit Committee is best suited for that purpose, given its cross-departmental brief and intense focus on climate change. Incorporating that step into the procedure would give the new independent committee a real boost to its credibility and mean that nobody, including the Opposition, could say later that it was stuffed full of Government poodles.

Finally, I would like to suggest another small amendment to the Bill, concerning its title. It occurred to me only last night that "Climate Change Bill" sounds rather neutral. Let us call it the "Climate Change Survival Bill". Let us clarify what we intend to do with the Bill. That would also help us to focus on the reality of climate change, which might even help us to close the gap between that reality and the political quagmire in which we all too often find ourselves.

In my remaining three minutes I would like briefly to discuss the energy Bill—I will finish in time to allow my hon. Friend the Member for Brighton, Kemptown (Dr. Turner) his 10 minutes. I have referred to the EU renewables target. The Bill will be discussed at a time when the price of oil is likely to exceed $100 a barrel. That is well beyond any of the assumptions made by the Government when considering transport infrastructure, for example. When the chair of Shell spoke about the reasons for the price level yesterday, he said that it was nothing to do with the level of reserves and more to do with the reduced buffers between supply and demand. They have fallen sharply and look set to remain low. Demand is shooting up, leaving world economies at the mercy of the markets. We will face a severe test at a time when developed economies are already feeling the strain from other developments, such as the great credit crunch.

Sweden has already declared its ambition to minimise its use of oil. We should follow suit, although for us that might be rather more difficult, albeit not impossible. As the Centre for Alternative Technology has proposed, there are technologies which could help to make the UK carbon-free by 2027. If we followed that route, our susceptibility to problems with both high energy costs and supply would come to an end. There are many good reasons why we should embrace the new alternative technologies and leave fossil fuels, many having nothing at all to do with climate change.

The Government have acknowledged that building new nuclear power stations will contribute nothing to meeting our energy needs until 2020 at the earliest. That means that new nuclear will contribute nothing to our share of the EU carbon reduction target by 2020. Carbon capture and storage will not be able to do much either. We are still at an early stage in research and development and many imponderables remain to be resolved. Thus, although the Bill paves the way for those things, they cannot do anything for us in the short to medium term. As we have seen, we cannot afford to rely on fossil fuels, which will become too expensive. We are therefore bound to boost our reliance on renewables.

To conclude, I am not despondent, but despairing of the news that the Government seek to make the minimum contribution to the 20 per cent. average renewables target. It could even be less than 10 per cent. if the proposal for trading in renewable allowances of some description were to be permitted. I understand that the Department for Business, Enterprise and Regulatory Reform is arguing for that in Brussels, and I hope that we can scotch the idea straight away, because it would also damage German feed-in tariff payments and skew the market. That might make our renewables obligation certificate system look rather better, and if I had had more time, I should have liked to speak about how we should pursue the feed-in tariff system. However, I shall now hand over to my estimable colleague from Brighton.

5.20 pm

Dr. Desmond Turner (Brighton, Kemptown) (Lab): I make no apology for continuing to bang on about climate change. It is, after all, probably the most important topic to be debated in the Chamber since the war. It is just as great and palpable a threat to the entire human race as would be a catastrophic global war. The potential for casualties is just as great. I hope that we shall be able to build cross-party consensus on the Climate Change Bill. I hope that even those on the Conservative Front Bench are going in this direction, although I was a little worried when the hon. Member for Brentwood and Ongar (Mr. Pickles), during his

music hall turn, managed to reduce the contents of the Climate Change Bill to a bin tax. I do hope that that is not representative of the Conservative approach.

I have participated in the scrutiny of the Bill, through the Joint Committee, the Environmental Audit Committee and the public consultation. The scrutiny has revealed four main areas. The target is 60 per cent., but evidence is emerging from all sides that that is not adequate. In fairness, the Government have implicitly recognised that fact in their response to the consultation and to the Select Committee's recommendations, and they are setting out proposals to reconsider the target through the climate change committee.

The time scale is too long, however. We need to have made the reconsideration and have the new target in place well before 2009, especially because, at the same time as we consider the 2050 target, we must consider the 2020 targets, which are just as important. They will determine the trajectory that we will take towards achieving the 2050 target and, as they are much closer, we shall need to revisit them much earlier. I doubt that anyone in the Chamber would be able to defend the figures that are at present in the draft Bill. They are far too modest, and far less than what could be achieved. By 2008, we should have much more ambitious targets in the Bill. I would suggest a minimum of 40 per cent. for 2020 and 80 per cent. for 2050.

Other hon. Members have already pointed out that the Climate Change Bill is just a framework. It does not actually do anything in its own right, even if we address all the other points. The annual targets argument is probably redundant, because as long as we have clear annual reporting—to which the Government are committed—we shall achieve the same effect. We shall have a good, transparent tracking mechanism and we shall be able to see whether everything is going according to plan, and take action accordingly.

I worry about the emphasis in the Bill on achieving results through emissions trading schemes of one kind or another. I have less faith than many in the effectiveness of such schemes. Certainly the initial stages of the European emissions trading scheme have not yet been proven to save any carbon dioxide emissions whatever. I do not think we should put all our faith in such schemes. One thing that became apparent from the business and industrial witnesses who appeared before the Joint Select Committee was that they were just as happy to respond to fiscal and regulatory measures as to emissions trading. The enabling provisions need to be wider to contemplate virtually anything that will contribute towards carbon saving.

The main thing that will deliver the savings is a sensible energy policy, whether it is energy efficiency or energy production. Energy production will be dealt with in the energy Bill. I was a little worried by the terminology in the Queen's Speech which seemed to indicate that the Bill was bring driven by the same old political drivers that have always driven our energy policy—security of supply and short-term price. That has got us into trouble. Compared with the imperative of climate change, they are both fairly trivial considerations. The energy Bill—indeed, most legislation in that section of the Queen's Speech—needs to be judged against the climate change imperative and what contribution it can make towards it.

In the context of the energy Bill, it worries me very much that we have leaks in the press, and I have every reason to believe that they are valid, of an options document from DBERR—I never got used to saying DBERR; it sounds like a character from Jane Austen—to reduce our target of 20 per cent. renewables by 2020. That would be the most abject admission of failure on the part of a country such as ours, which is very much at the technological leading edge of renewable energy and has probably the best renewable energy raw resources of any state in the world. We have a much better wind resource than any other European country, wave resources that are as good as anywhere in the world because of our exposure to the Atlantic, and tidal stream resources that are almost certainly the best in the world. With those three sources, we have the potential to produce twice or three times as much electrical energy as we currently consume. To demur from a 20 per cent. target when it is totally achievable would be lunacy. I very much hope that my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs will use his voice to head off any attempts to demur from that target.

In addition, because of our situation, we have the most magnificent industrial opportunity—a green industrial opportunity—to create hundreds of thousands of jobs in a new marine renewable energy industry, as well as in offshore wind. There are several reasons why we have not deployed renewable energy at the rate at which we should have done, and they are all within the Government's control; they can influence all of them. They are market considerations and the lack of a sufficiently stimulating fiscal structure. Frankly, the renewables obligation certificate system has been an expensive and inefficient way of promoting renewable energy. The entry price mechanism used by Germany and others has produced far better results at, as far as one can tell, no greater cost. At the same time as we revisit the ROC system, which we have to do anyway, I strongly recommend that we review the fiscal structures for renewable energy and look again at entry price mechanisms. They are transparent, simple to understand and reliable, and they generate investment and produce the goods—and it is the goods that matter.

Then there is the planning system, which has already been mentioned. It takes twice as long in this country to obtain consents for an offshore wind farm as it does in, say, Denmark or Germany. Is the quality of the decision any different at the end of the day? I doubt it very much. That period absolutely must be shortened.

When it comes to marine renewables, I too have a problem with the lack of a marine Bill. Tidal stream developments and the like are being held up because of the time allowed for environmental impact assessments, and consents thereafter. Putting large-scale developments in the hands of the planning commission, as has been proposed, would deal with a major wind farm, but smaller-scale developments that will be crucial in the future will remain in the hands of the present system, which is holding things up appallingly.

Those matters need to be examined very carefully, and that can best be done if a marine Bill is produced expeditiously during the present Session.

5.31 pm

Mr. Peter Ainsworth (East Surrey) (Con): This seems to have been a very long debate—and when I look at the clock I realise that that it has indeed been a very long debate. It seems a long time ago that the Secretary of State for Communities and Local Government stood up to make what I thought a sadly partisan speech; it was as though she was still addressing the Labour party conference, and had not yet found her way into her new role and learnt what it takes to be a Secretary of State.

It also seems a long time ago that my hon. Friend the Member for Brentwood and Ongar (Mr. Pickles) made his witty, trenchant and very well-informed contribution. Only under questioning and pressure from Labour Members did he feel it necessary to expose the hypocrisy and incompetence that lie behind the Government's plans for housing, and the lack of democratic accountability in their proposals to reform the planning system—issues about which my hon. Friends the Members for Fareham (Mr. Hoban) and for Broxbourne (Mr. Walker) both spoke with a great deal of local knowledge and considerable authority.

We heard a wonderful contribution from the hon. Member for Crewe and Nantwich (Mrs. Dunwoody). I will check *Hansard* tomorrow, but I think she said that in future her constituency would be a sparkling and happy place. It is lovely to see her lighting up her place at the end of the Bench with such happy regularity.

In a powerful speech, my hon. Friend the Member for Gainsborough (Mr. Leigh) spoke, also from experience, of the problems and pressures faced by his local authorities and police as a result of various factors. My hon. Friend the Member for Cities of London and Westminster (Mr. Field) made a thoughtful and well-informed speech about immigration. I know it is invidious to keep singling people out, but I thought that the hon. Member for Eltham (Clive Efford)—despite having been slapped down in the most brutal way when he intervened on my hon. Friend the Member for Bexleyheath and Crayford (Mr. Evennett)—made a particularly thoughtful speech about the empowerment of local communities, an agenda that the Conservatives strongly support.

No fewer than 12 hon. Members devoted most of their comments to the Climate Change Bill, and we heard some extremely useful contributions. The hon. Member for Copeland (Mr. Reed), who is not in the Chamber now, struck a slightly different note in focusing on nuclear power, which raised a number of eyebrows among his hon. Friends. In the process, he also managed to misrepresent the views of Her Majesty's Opposition on the subject. No doubt we shall have a full and thorough discussion of the issue when we debate the energy Bill.

I assume that we shall have a Second Reading debate on the Climate Change Bill at some point in the not too distant future, but perhaps the Secretary of State for Environment, Food and Rural Affairs will let us know whether he intends the Bill to be introduced in another place. A rumour is circulating to that effect. As there may be further time for us to debate climate change issues before Second Reading, I do not intend to devote a great deal of time to the content of the Bill, save to say that we strongly welcome it. As we campaigned for it, it would have been rather churlish of us not to welcome it now that the Government have introduced it.

As Members in all parts of the House have pointed out, there are issues in the Bill which will need to be resolved. There are also areas that will need to be tightened up, and we think we can secure cross-party consensus on that. Above all, all decisions relating to climate change must be based securely on the best science available at the time.

Like my hon. Friend the Member for Brentwood and Ongar, I must ask the Secretary of State to introduce the marine Bill at the earliest possible opportunity. It is a great disappointment that it is still lurking in the small print as a draft when it should be out in the open, heading towards the statute book. We look forward to that happening, and to debating it and making constructive contributions when we are afforded the opportunity to do so.

This debate gives us a chance both to look forward to the Government's programme and to look back a bit and review the performance of the Department for Environment, Food and Rural Affairs over the past year. I have said before that the Secretary of State is a very decent man—he is widely recognised as such—but the Department he took over not so long ago is far from decent; indeed, it is not fit for purpose, to borrow a phrase Labour Members might recognise. It is also a Department where events happen: foot and mouth disease, bluetongue, avian influenza and floods. I gather via a message from the Secretary of State this afternoon that there are currently severe flood risks in the East Anglia region, and the Environment Agency is warning of flood surges. If the Secretary of State has any update on that, I am sure that the House would be delighted to be kept informed.

The problem with the Secretary of State's position is that DEFRA is a failing Department. It matters when Government Departments fail, because their failure impacts on individuals, communities and businesses. However, when a Department with DEFRA's responsibilities is failing, that also has profound implications for the environment, biodiversity and the natural world.

The other problem with that failure is that the Department then finds it hard to carry clout in policy areas outside its immediate remit but over which it is notionally meant to have influence or responsibility. I do not want to labour the point about foot and mouth disease, but let us take a quick look at what happened over the past year. If anyone thinks that, just because the media have moved on a bit from the issues around Pirbright and the release of foot and mouth virus from a Government-licensed laboratory, the issue is done and dusted, they are sadly mistaken. The pain and economic hardship and the sense of betrayal are still very much alive, not only in the immediate Surrey and Berkshire areas, but across the country. Although we welcome the fact that this time, unlike what happened in 2001, the Department acted relatively quickly to contain the disease, basic competence after an event of that kind is not commonly a cause for general rejoicing.

We welcome the recent easing of movement restrictions and the promise of the resumption of exports, but the latest export arrangements, which were announced yesterday, have been greeted with considerable concern in the south-east. It is unfortunate, as I think the Secretary of State would acknowledge, that the announcement of those changes was made by press release rather than by written statements to this House.

I am sure he will reflect on that, and on his promise to keep the House fully informed of all changes as they occur.

What really irks people, however, is that nobody seems willing to take responsibility for the leak of foot and mouth virus from a Government-regulated laboratory. That reinforces the opinion that this Government are all too quick to blame and punish others for errors and omissions, but are never willing to take responsibility for their own mistakes. The fact is that if DEFRA had been a farm or a food business, it would have been closed down.

The foot and mouth issue is symptomatic of a wider problem faced by the Secretary of State in his new job. Nobody trusts his Department any longer. In the year since the last Gracious Speech, rural businesses have suffered continuing difficulties as a result of the ongoing shambles at the Rural Payments Agency. In March the Environment, Food and Rural Affairs Committee published a report on the way in which the single farm payment system had been implemented. It described it variously as

"A catastrophe for farmers...A serious and embarrassing failure for DEFRA...A reputational disaster for DEFRA"

and

"evidence that the Government does not seem to be learning the lessons of previous failures."

On top of the financial losses to farmers, totalling some £225 million, the taxpayer has had to foot the bill for cost overruns of £50 million and is faced with the prospect of EU fines amounting to £348 million. You can see, Mr. Deputy Speaker, why I suggest that DEFRA is a failing Department. As I said, if it were a business it would have been closed down.

Then there is bovine tuberculosis. There have been endless consultations over many years, and still we have not seen any action. Perhaps it is a recognition of the Department's inability to run things properly that it spends so much money employing other people to do things instead. I suppose that we should welcome the fact that at least one sector of the business community is doing very well indeed out of DEFRA: the Department has managed to spend £1.1 billion on consultants in the last five years. Last year alone, it spent £290 million. It is probably worth observing that that is 23 times more than it has offered in compensation to farmers for its own release of foot and mouth into the environment. So while people in rural communities have been struggling with mounting levels of bureaucracy, the consequences of the Government's incompetence, declining services, closing post offices and the rest of it, DEFRA has been making consultants very rich indeed.

DEFRA has overall responsibility for the Government's efforts to tackle climate change, and we look forward to debating the Climate Change Bill, but it already has an Office of Climate Change, which was set up in September 2006. A DEFRA news release stated:

"Office of Climate Change starts work. The Office of Climate Change...will work across Government to provide a shared resource for analysis and development of climate change policy and strategy."

The Secretary of State's predecessor is quoted as saying:

"The Office will co-ordinate climate change activity across Government based on sound, objective analysis and drive forward progress on climate change policy and strategy."

Can the Secretary of State tell us whether the OCC has co-ordinated with the Department for Business, Enterprise and Regulatory Reform over the efforts that its Secretary of State has been making to undermine the Government's stated support for the EU initiative to generate 20 per cent. of energy from renewable sources by 2020—the point admirably raised by the hon. Member for Morley and Rothwell (Colin Challen)? Was the OCC co-ordinating with DBERR over the total shambles that has overtaken the system of grant support for micro-power installations? That shambles has resulted in a collapse in the number of grant applications in the past year.

Has the OCC been co-ordinating with the Department for Communities and Local Government over its attempts to weaken the Merton rule—an admirable local initiative that requires all new developments over a certain size to source at least 10 per cent. of their energy from renewable supplies? Some 140 councils have been following the Merton example. Only last June, the Minister for Housing, whom I see is no longer present, was enthusiastic and waxed lyrical about it. She said that it was "essential that all authorities" should follow the example of Merton. However, after lobbying by the ever-unambitious house-building sector, whose instinct is always to rush straight to the lowest common denominator, the latest draft climate change planning policy statement discourages councils from making the Merton rule a requirement at all.

Has the OCC been co-ordinating with the Department for Transport over the terms of the renewable transport fuel obligation? We are all in favour of sustainable biofuels, but the absence of any sustainable criteria attached to that new obligation is a recipe for disaster. Of course, the market will go straight to the cheapest source, which is likely to be imports, grown at the expense of the rain forest. To say that that is counter-productive is a serious understatement.

Has the OCC been co-ordinating and liaising with the Department for Transport over proposed changes to the planning system specifically designed to make it easier to build airports and expand airport capacity, at a time when aviation emissions are the fastest growing source of climate change gases?

Has the OCC been co-ordinating with the Treasury over the management of the £20 million allocated in last year's Budget to

"help local authorities and others work in partnership with energy companies to promote and incentivise energy efficiency measures to households"?

If it has, it has not had much influence. The budget has been allocated elsewhere and has now been cut because of financial difficulties at DEFRA, with which we are sadly all too familiar.

The Prime Minister says that he is all about change, but this Government programme simply gives us more of the same. It provides more top-down, bossy Government, more quangos and more central plans that will not work. He has brought a change in one respect, but it is not for the better. Whereas his predecessor at least got fired up by the threat of climate change, people are increasingly saying that the present Prime Minister just does not get it. Whether the Climate Change Bill will emerge as a true catalyst for change remains to be seen. We hope that it will.

[Mr. Peter Ainsworth]

DEFRA seems no longer to be trusted by other Departments, and seems to have long ago lost the trust of the people whom it is there to serve. Restoring that trust is the biggest challenge that we face, and the biggest change that is needed—and in order to do that, we need to change the Government.

5.46 pm

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): With your permission, Mr. Deputy Speaker, I shall begin by making the House aware of potentially serious flooding in coastal areas of eastern England in the next 48 days. A tidal surge of up to 3 m is making its way down the North sea and could coincide with peak high tides. There is a risk of flood defences being overtopped on the coast and in tidal rivers, especially in East Anglia, particularly on the Norfolk broads and the coast south of Great Yarmouth, including Lowestoft, and areas south of that as far as the coast of Kent. In the area as a whole, six severe flood warnings, five flood warnings and 15 flood watches are in place. Several flood warnings and flood watches are also in place in Yorkshire.

Police incident commands have been set up in the areas most likely to be affected, especially Norfolk and Suffolk, to co-ordinate the emergency response to any flooding, including evacuation if that is necessary. They are advising residents about the situation as it develops and will continue to do so, and they will co-ordinate the emergency response, including the deployment of the fire and rescue services if required. The Environment Agency will close the Thames barrier if that is needed. We are keeping a close watch on the situation, and I shall keep the House informed of any significant developments.

Although the right hon. Member for North Antrim (Rev. Ian Paisley) is not in his place, may I say that I am sure that the whole House will wish to express its profound concern at the news of the shooting of a police officer in Northern Ireland today, and to send its condolences to the family of the young man who died as a result of drugs?

One of the glories, if I may use that word, of the Gracious Speech debates is the wide range of contributions. I fear that I may not be able to do justice to all those that we have heard today—I counted 27 in all, so this is the 28th—but I shall do my best. My right hon. Friend the Secretary of State for Communities and Local Government spoke eloquently about the contrast, not least in her constituency, between how life was in the 1980s and 1990s for many of our constituents and how it is today because of the practical politics of this Government, which this Gracious Speech demonstrates once again.

That change was echoed in contributions from, among others, my hon. Friends the Members for Crewe and Nantwich (Mrs. Dunwoody), for Sheffield, Attercliffe (Mr. Betts) and for Regent's Park and Kensington, North (Ms Buck), and my right hon. Friend the Member for North-West Durham (Hilary Armstrong). I know that she had a long-standing charity event in her constituency to attend, and she offered her apologies for not being here for the close of the debate. She made a passionate speech, in which she reminded us of why she was on the Front Bench for 18 years, when she urged us to find ways of raising aspiration, increasing self-respect and trying to tackle child poverty.

The hon. Member for Brentwood and Ongar (Mr. Pickles) made an entertaining, if not altogether illuminating, speech. It was entertaining because I learnt of his Independent Labour party ancestry—my respect for him is even higher than before—and heard about Nikita Khrushchev, tractors and Soviet agriculture. All that was missing was a reference to Gosplan—but no doubt that will come in time.

However, the hon. Gentleman's speech was not very illuminating, because it was not clear what he was in favour of. He raised the issue of waste—as did my hon. Friend the Member for Southampton, Test (Dr. Whitehead)—but there was a contradiction in the hon. Gentleman's argument. On the one hand, he alleged that the Government's policy was to go around telling local authorities what to do. As my hon. Friend made clear, although we have quadrupled recycling in the past 10 years or so, we need to go a lot further. Local authorities approached us and asked for a power to run incentive schemes. We consulted and 78 local authorities responded in favour, with nine against. Precisely because there are debates about how to make such schemes work—the hon. Gentleman mentioned the issues of fly-tipping and large families—and various schemes are in use in the rest of Europe, the sensible thing to do is to run some pilot schemes, and that is what we propose.

The hon. Member for East Surrey (Mr. Ainsworth) did not dwell much on the proposals in the Gracious Speech. He rightly went over the previous debate that we had on foot and mouth. On the Rural Payments Agency, he knows that we are in the process of sorting out the difficulties, and I express regret again to the House for the problems that those have created for farmers. However, a Department that is capable of producing the Climate Change Bill, which has been so widely welcomed as a framework, can hardly or fairly be described as a failing Department.

We have heard many thoughtful speeches, especially from my hon. Friends the Members for Copeland (Mr. Reed), for High Peak (Tom Levitt) and for Eltham (Clive Efford) and from the hon. Members for Broxbourne (Mr. Walker), for Hazel Grove (Andrew Stunell) and for Ruislip-Northwood (Mr. Hurd). Several themes have emerged in the debate, including the question of how we deal with the competing pressure on our land and how we ensure that all local voices are heard. My hon. Friend the Member for Eltham made that point very forcefully.

The second theme was the impact of demographic change, migration and immigration on rural areas—the issue raised by the hon. Member for Gainsborough (Mr. Leigh)—and on our towns and cities, a point made by the hon. Members for Brent, East (Sarah Teather), for Fareham (Mr. Hoban) and for Cities of London and Westminster (Mr. Field). I thought that the hon. Lady made a good point when she drew attention, in an intervention, to the contribution that those who have made this country their home make to our economic life. To reflect on my constituency, where that is certainly the case, if all the people who had come to Britain in the past 30 years decided not to

come to work tomorrow morning, many a lecture would go undelivered at the two universities, many a bus would not run, operations would be cancelled, people would not be cared for and business would, in part, come to a halt. It is also true, however, that sometimes people find it difficult to deal with the pace of change. We should not be afraid to debate that point, or other aspects of our more interdependent and rapidly changing world.

Many hon. Members raised the issue of housing, including my hon. Friends the Members for Great Grimsby (Mr. Mitchell), for Sheffield, Attercliffe and for Eltham. My hon. Friend the Member for Eltham paid tribute to my right hon. Friend the Minister for Housing for the work that she is doing. I have seen a change in demand for housing in my constituency in the eight and a half years that I have had the privilege of being its Member of Parliament. When I arrived, good social housing, in the form of bricks and mortar, was still being demolished in parts of the constituency, not because there was anything wrong with it—if it had been picked up and put down in one of the constituencies represented by some hon. Members present, it would have increased in value 10, 20 or 30-fold—but because it was in areas where nobody wanted to live. Those areas are now experiencing increased demand for housing. Somehow we have to bring together the reservations that communities sometimes have—which have been reflected in speeches today—about applications to build more houses, and the concerns that many families have about how their children will be able to afford to buy or rent somewhere to live. We have to connect those two issues better. One very good way to do that is to provide more housing.

I turn now to the marine Bill, which was mentioned by the hon. Members for Cheltenham (Martin Horwood) and for Hazel Grove, as well as by my hon. Friend the Member for Brighton, Kemptown (Dr. Turner) and, a moment ago, by the hon. Member for East Surrey. I welcome their support, and reassure the House that the Government remain firmly committed to the Bill. We are in the process of drafting it, after consulting on its shape, and aim to publish the draft in the new year. I look forward to the comments when that draft appears. We need to provide for our seas, and the wonders that lie beneath them, the sort of protection that we have provided for our land over the years, as the seas are just as subject to competing pressures on their use.

I am very pleased by the welcome expressed on all sides of the House for the Climate Change Bill. It was referred to by my hon. Friends the Members for Bedford (Patrick Hall), for Southampton, Test, for Morley and Rothwell (Colin Challen) and for Brighton, Kemptown, as well as by the hon. Members for Bexleyheath and Crayford (Mr. Evennett) and for Cambridge (David Howarth). I hope that Members who have looked at the Command Paper will accept that the Government have listened. I am grateful for all the comments, observations, recommendations and advice that we have received, including from the three Committees that have examined the Bill. All that will make a good Bill better.

As for the 60 per cent. target for emissions reduction, the truth is that the science is changing. That is why my right hon. Friend the Prime Minister announced in September that we would ask the climate change committee to review the target. It seems to me that that is entirely the right approach, as we have heard various different figures even during this afternoon's debate. If the target is to be tougher than 60 per cent., there needs to be a mechanism to determine what it should be. I can tell the hon. Member for Cambridge that giving that responsibility to the climate change committee demonstrates that the Government are willing to trust another organisation. Whatever the Committee has to say will have a very powerful impact on our debates.

On annual targets, I am willing to take the risk of being heckled and say that the argument against them has been won. My problem with milestones is that they sound a bit like targets by another name. In any event, all emissions in the five-year period count, and, as hon. Members will have seen from the Command Paper, there will be annual reporting of emissions. Moreover, the climate change committee will report on progress and the Government will have to respond. Both report and response will be laid before Parliament.

My hon. Friend the Member for Stafford (Mr. Kidney) asked about smart metering. We are very keen on that, and the more quickly it can come in, the better. The hon. Member for Angus (Mr. Weir) asked whether reductions in one part of the UK that exceed the target count towards the total, and I can tell him that they do. All contributions from all sources in all parts of the country are gratefully received.

As for international aviation, I can tell the House that we are trying to bring it into the EU emissions trading scheme. That is the sensible place to start, and the Command Paper makes it clear that, once we have succeeded in that respect, the climate change committee will be asked to look at the methodology involved in including aviation emissions in the UK targets. It will also be asked to look at what the impact would be.

As many hon. Members have pointed out, the Climate Change Bill is a framework. It is radical and groundbreaking, and one of the non-governmental organisation representatives at the launch of the Command Paper described it as historic, but we need the appropriate mechanisms to make sure that what it proposes happens. That is why we put in place the climate change levy—something that, I am sorry to say, the main Opposition party did not support—and why the Bill will make a commitment to reducing carbon emissions. It is why there will be zero-carbon homes, an energy efficiency committee and an increase in vehicle excise duty, and it is also why planning permission for the London array will be sought and a feasibility study for the Severn barrage carried out.

The Government remain absolutely committed to doing more on renewables, and to the target that we signed up to, but the truth is that Britain accounts for only 2 per cent. of the world's emissions. We must persuade other countries to play their part. Some countries have not yet accepted that they have any sort of part to play, let alone that they must cut emissions by 60 or 80 per cent., yet all of us in the Chamber know that we will not be able to deal with the problem of climate change unless all countries—including developing countries as they develop—play their part. Meanwhile, the climate is changing in a way that impacts on the poorest people in the world already. My hon. Friend the Member for High Peak was right to

[Hilary Benn]

refer to the campaign to make poverty history. Now we need a campaign to make climate change history, too.

The debate has shown that the Government's job is to listen as well as to lead. That is true whether we are acting on climate change, regenerating local communities, or trying to make sure that people have decent homes to live in or that we take the right decisions about how we deal with the pressures on our precious and beautiful land. The measures put forward in the Gracious Speech show that the Government have listened, and that we will continue to lead.

Debate adjourned.—*[Mr. Watson.]*

Debate to be resumed on Monday 12 November.

COMMITTEES

Mr. Deputy Speaker (Sir Alan Haselhurst): With the leave of the House, I will put motions 5 to 20 together.

Ordered,

Business, Enterprise and Regulatory Reform

That Mr Adrian Bailey, Roger Berry, Mr Brian Binley, Mr Michael Clapham, Mr Lindsay Hoyle, Mr Mark Hunter, Miss Julie Kirkbride, Peter Luff, Anne Moffat, Mr Anthony Wright and Richard Younger-Ross be members of the Business, Enterprise and Regulatory Reform Committee.

Children, Schools and Families

That Mrs Annette Brooke, Ms Dawn Butler, Mr Douglas Carswell, Mr David Chaytor, Mr John Heppell, Fiona Mactaggart, Mrs Maria Miller, Mr Andrew Pelling, Joan Ryan, Mr Barry Sheerman, Mr Andy Slaughter, Mr Graham Stuart, Lynda Waltho and Stephen Williams be members of the Children, Schools and Families Committee.

Communities and Local Government

That David Wright be discharged from the Communities and Local Government Committee and Jim Dobbin be added.

Environmental Audit

That Mr Edward Vaizey be discharged from the Environmental Audit Committee and Gregory Barker be added.

Environment, Food and Rural Affairs

That Mrs Madeleine Moon and Mr Jamie Reed be discharged from the Environment, Food and Rural Affairs Committee and Dr Gavin Strang and Paddy Tipping be added.

European Scrutiny

That Mr Wayne David and Nia Griffith be discharged from the European Scrutiny Committee and Mr Adrian Bailey and Keith Hill be added.

Innovation, Universities and Skills

That Adam Afriyie, Dr Roberta Blackman-Woods, Mr Ian Cawsey, Mrs Nadine Dorries, Dr Ian Gibson, Dr Evan Harris, Dr Brian Iddon, Mr Gordon Marsden, Bob Spink, Ian Stewart, Graham Stringer, Dr Desmond Turner, Mr Phil Willis and Mr Rob Wilson, be members of the Innovation, Universities and Skills Committee.

International Development

That Joan Ruddock be discharged from the International Development Committee and Mr Stephen Crabb be added.

Joint Committee on Human Rights

That Nia Griffith and Mark Tami be discharged from the Joint Committee on Human Rights and John Austin and Mr Virendra Sharma be added.

Joint Committee on Tax Law Rewrite Bills

That Mark Tami be discharged from the Joint Committee on Tax Law Rewrite Bills and Mr Quentin Davies be added.

Northern Ireland Affairs

That Stephen Pound be discharged from the Northern Ireland Affairs Committee and Kate Hoey be added.

Public Accounts

That Chris Bryant, Ian Lucas, Mr Iain Wright and Derek Wyatt be discharged from the Committee of Public Accounts and Nigel Griffiths, Keith Hill, Geraldine Smith and Phil Wilson be added.

Scottish Affairs

That Mr Jim McGovern be discharged from the Scottish Affairs Committee and Mr David Hamilton be added.

Treasury

That Angela Eagle be discharged from the Treasury Committee and Nick Ainger be added.

Welsh Affairs

That Mr Wayne David be discharged from the Welsh Affairs Committee and Alun Michael be added.

Work and Pensions

That Natascha Engel be discharged from the Work and Pensions Committee and Tom Levitt be added. —*[Liz Blackman, on behalf of the Committee of Selection].*

Summer Recess (Duration)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watson.]*

6 pm

Mr. David Winnick (Walsall, North) (Lab): I obviously accept that a recess, long or short, is not meant to be a holiday, although the word "recess", as I am sure my hon. Friend the Deputy Leader of the House of Commons knows, is not a word that one hears much outside Westminster. Members of Parliament undertake constituency work during the break, especially during the summer. That is not in doubt. I am sure that my hon. Friend does; I do, and virtually all if not all hon. Members' offices are kept open, be it in the House of Commons or in the constituency. Correspondence continues to flow back and forth, and surgeries for most of us continue to take place in August and September as in any other month of the year.

Nevertheless, that does not alter the fact that our main function of holding the Government to account in this Chamber does not take place for some 11 consecutive weeks. There are no oral questions, no statements and no debates. They cannot happen during the period when we are not sitting. Select Committees can meet, but I believe that I am right in saying that few do. If meetings of Select Committees occur, it is clearly not on the same basis as when the House is sitting. Written questions can be tabled. My hon. Friend looked puzzled when I mentioned Select Committees, but I believe that few sit when the House is not sitting. How many meet during the summer recess no doubt my hon. Friend can tell me. The fact that written questions can be tabled on certain dates is welcome. It is one advance on what occurred previously, but it is not a substitute for parliamentary activities.

I do not dispute that a summer break should be longer than the other ones. That will come as a relief to some hon. Members who may feel that I am advocating just a two-week break—nothing of the kind—but is 11 weeks really necessary? This year we broke up on 26 July and came back on 8 October. Next year's dates are 23 July to 6 October.

I welcomed the recommendation of the Modernisation Committee. The Committee reported in 2002:

> "Parliament could be more effective if it is was not absent for such a long continuous period"—

namely, from July to October. The Committee made the point that the arrangements that have continued over the years and which we are now back to meant that there was no parliamentary scrutiny and no opportunity for Members of Parliament to debate the issues of the moment. That is obvious, unless the House is recalled. I have been a Member for many years and I remember the House being recalled a few times, with every justification, but of course recalls are the exception. We were recalled for reasons such as the invasion of Kuwait, and the invasion of the Falklands long before that. They were not happy reasons.

As we know, the House agreed in October 2002 to accept the recommendation to sit in part of September. It was carried by a large majority. The two Front-Bench teams were in favour. There was no great dissent, and the House accepted the recommendation of the Modernisation Committee. The result was that we sat for two weeks in September in 2003 and the following year. For the life of me I can see no reason why that situation should not continue.

I do not remember Members complaining that they could not do their constituency work, which is the usual reason for not being in this place, or that the change was inconvenient. It was accepted that we had an opportunity to do the work for which we were elected—holding the Government to account in debates and oral questions. Once again, we do not do that for an 11-week period.

Perhaps fortunately for Members who were not keen on September sittings, the security screen was erected in 2005. I do not dispute the need for it, but that was the reason we did not sit in September that year. My hon. Friend the Member for Sunderland, South (Mr. Mullin) asked whether the situation would be permanent and whether we would no longer sit in September. He received a rather ambiguous reply, and the fact remains that since then there have been no September sittings and there is not the slightest indication that the Government and Opposition Front Benchers have any intention of reinstating them.

My amendment that we should sit in September was defeated, but Members on the Government and Opposition Benches were in favour of the Modernisation Committee's recommendation in 2002, which was carried by a large majority. I do not want to be insulting so I hesitate to say this, but it is almost as though there has been a stitch-up between the Government and Opposition Front Benchers. At business questions, the shadow Leader of the House does not complain about not sitting in September and the Government are clearly not keen to do so. It could be cynically said that no Government are enthusiastic for Members of Parliament to sit for longer—perhaps I should share that view if I had a senior Government position—but neither the Government nor the Opposition seem keen to return to sittings in the late summer or early autumn.

When Robin Cook was Leader of the House and proposed the Modernisation Committee recommendation, he made the point that the recess period would not be any shorter, so the September sittings did not mean that the House met more frequently. We broke up earlier in July to accommodate the arrangements for September sittings in 2003 and 2004, but I differ from Robin Cook because I am in favour of a shorter summer recess. If I had to choose, however, between what happened in 2003 and 2004 and what has happened since, I should choose the former—obviously. If we must have a long recess, we should at least sit for some time during September.

Mr. Philip Hollobone (Kettering) (Con): I congratulate the hon. Gentleman on securing the debate and on his interesting contribution, to which I am listening intently. I, too, am in favour of a shorter recess and, like him, am appalled that Parliament does not sit for a period of 11 or 12 weeks. The general public do not understand why Parliament cannot meet during the early autumn.

Mr. Winnick: The hon. Gentleman is absolutely right and he anticipates a point that I was about to make.

Apart from the construction of the security screen in 2005, various reasons, or excuses, are given for our not

[Mr. David Winnick]

meeting—for example, the party conferences. Nothing is set in concrete, however. If the leadership of the main parties represented in the House of Commons wanted different arrangements, I am sure that the party conferences could meet at different times. It is not holy writ that the Liberals, then my party and then the Conservatives should meet for their conference at the time they do. The dates can be changed. The argument about the party conferences is a weak one.

It is also argued that building work must be done. Of course, there is bound to be maintenance work in a building such as this. However, would I not be right in saying that maintenance work is carried out in many large buildings around the country? There is nothing exceptional about the House of Commons. In other places where maintenance work takes place, it is very unlikely for the employees to be told to go away for 11 weeks on paid leave. Work carries on despite the fact that the builders are in. The same would apply here.

I want to make it clear that I am not arguing for a recess of, say, two weeks. I suggest a recess of six or seven weeks, or eight maximum. At least that would be shorter than the current summer recess. That would allow us time for holidays—I certainly take a holiday—and to do the constituency work that it is perhaps more difficult to do at other times of the year. I would say that I am being reasonable.

The hon. Member for Kettering (Mr. Hollobone) made a very valid point. The public's perception is that we take 11 weeks' holiday. I suppose that if they come to our surgeries or receive acknowledgments or replies to letters, common sense dictates that it is unlikely that we are on holiday. Moreover, I suspect that all but one or two Members would find 11 weeks on the beach or anywhere else rather boring. My main argument is based around the fact that we are not carrying out the functions that we were elected to do in the first place. I have gone into that, but I also believe that we do ourselves a disservice, given the impression that the public have.

Mr. Chris Mullin (Sunderland, South) (Lab): My hon. Friend's point about public perception is absolutely right. I put it to him that if we care about the way our profession is regarded, the recess is something that we can do something about. It does not require the passing of legislation; we ourselves can do something about it.

Mr. Winnick: I welcome my hon. Friend's point. He has been a strong advocate of a shorter summer recess. We could do something about that and we did so on the two occasions that I have mentioned. I am sure that he would not disagree that there is a cynical feeling that we want a high salary and expenses—the perception of them is totally distorted, as if the expenses go into our back pockets—and that we go away for 11 weeks at one time of the year.

I am not very optimistic—far from it— but, all in all, I hope that those on the two Front Benches will reconsider the matter and that we will not indefinitely have summer recesses of 11 weeks like those of this year and next year. I look forward to the comments of my hon. Friend the Deputy Leader of the House. I know that she does not decide on this matter but, in so far as she may be able to communicate privately to her more senior colleagues the strong feelings of some of us, that will be very useful indeed.

6.13 pm

The Deputy Leader of the House of Commons (Helen Goodman): I congratulate my hon. Friend the Member for Walsall, North (Mr. Winnick) on securing this Adjournment debate. Last night when I told my brother-in-law that I was responding to a debate on this topic, he said he felt that in terms of long recesses we were not doing very well. He is a university professor and I think that they have 16 weeks to do their non-teaching work.

I begin on a note of agreement with my hon. Friend. It is on record that I supported him when he moved an amendment in favour of September sittings last November.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to interrupt the hon. Lady, but it is rather important that she addresses both the Chair and the microphone. I know that she is being courteous to her hon. Friend, but that makes it difficult for those who are reporting our business.

Helen Goodman: Thank you, Mr. Deputy Speaker.

I voted for September sittings alongside my hon. Friend and I saw the value of the case that he made. However, the vote was lost overwhelmingly by 122 votes to 354. I remind him that that was a free vote. It is important that he accepts that the House has expressed a clear opinion. The decision was taken in the light of the experience of 2003 and 2004.

Mr. Winnick: Of course I remember the vote. I remember when I win and when I lose—needless to say, when talking about free votes, I lose more often than I win. However, it is interesting that when a decision was taken on September sittings on 29 October 2002 and Front Benchers on both sides of the House said that they were in favour of them, the motion was carried by 411 votes to 47. That shows the difference when Front Benchers are in favour.

Helen Goodman: My hon. Friend has been a Member for longer than I and is more conscious of the long history of the matter. He is to be commended for his consistency and persistence on the issue. He spoke about the matter last year, in 2005 and in 2003. However, raising the issue annually, rather than once in a Parliament, might be unlikely to be very fruitful. William Wilberforce moved the anti-slavery Bill 12 times, but I know that my hon. Friend does not think that this is an issue of the same significance.

May I remind my hon. Friend of a few facts? It is planned that the recess in 2008 should be 75 days long. That is a shorter time than in each year between 1998 and 2002, when we had more than 80 days on recess. Even when there were September sittings in 2003 and 2004, the recess lasted 77 and 70 days respectively. My hon. Friend knows about the increase in the number of hours that we sit because he has referred to it on other occasions. In 1995-96, the House sat for 1,278 hours. Ten years later, partly because of the advent of Westminster Hall, we sat for 2,184 hours.

I thought that it might be interesting to look at what goes on in other countries. I am not sure whether the pattern that emerges confirms particular nations' stereotypes. The Parliaments in the two countries in Europe that have had democracy for longest sit for a long time—that in Italy sits for 197 days, and that in Greece sits for 248 days. At the other end of the scale, the German Bundestag sits for only 38 days, while the Austrians sit for 28 days. I do not think that the British Parliament is wildly out when one considers the rest of Europe.

Mr. Mullin: I think that the Minister misunderstands. The issue is not the length of time or the number of days we sit; it is the big gap over the summer. The fact that it will be 75 days next time, instead of 80, is not something that I would boast about much outside this place, if I was her.

Helen Goodman: I realise that it is also the fact that the recess is in one big chunk that concerns my hon. Friends the Members for Sunderland, South (Mr. Mullin), and for Walsall, North. However, the fact is that unless we shift the time significantly, and square the circle of all the other things that have to be done, it is difficult to see how we could make the recess significantly shorter without having September sittings.

Of course I understand that Scottish colleagues would like the recess moved forward significantly into July, to coincide with Scottish holidays, but the fact is that two years ago there were discussions about changing the timing of the party conferences, and the problem with getting the party conferences moved around the parliamentary timetable is that the conferences have been planned even further in advance than the parliamentary timetable.

Mr. Hollobone: Surely the Minister must understand that the general public are completely turned off by the party conferences? Would it not be far better to hold them all in one week and get it all over with, and then have an early resumption of sittings in this place?

Helen Goodman: I do not think that the general public are turned off by all the party conferences, and I am surprised that the hon. Gentleman suggests that they are. At the core of the argument made by my hon. Friend the Member for Walsall, North, is the issue of accountability. His central concern is that there is a long period of time during which the Government are not properly accountable. I feel that he is really over-egging that point. As he has pointed out, written questions are now answered during September, which is an innovation. The fact that that was made a permanent arrangement was coupled with the decision to end September sittings on a permanent basis.

As my hon. Friend noted, if it is necessary, Parliament will be recalled. It was recalled in 1998, 2001 and 2002. It should please my hon. Friend that in "The Governance of Britain", which the Government published in July, it was made clear that we will look at proposals to enable the House to be recalled at the request of the House, rather than simply at the request of the Government. I should think that that would go some way towards reassuring my hon. Friend that Members of the House can be more proactive in holding the Government to account.

Finally, my hon. Friend said that Select Committees do not meet on the same basis in the recess. I was puzzled by that. This September, for example, the Select Committee on the Treasury held hearings on Northern Rock, which was the issue of the moment; it was absolutely right that it should deal with the subject swiftly. It was able to do so—and very effective it was, too.

Mr. Winnick: I did not want to criticise Select Committees in any way; I sit on one. We do not, in the main, meet during the summer recess, but obviously that is a matter for the Committee. I said that Select Committees do not sit on the same basis in the recess, and obviously they do not. The Treasury Committee met because of the Northern Rock crisis. I appreciate the role that my hon. Friend the Minister has tonight of defending and justifying the decision on the long recess, but the fact remains that Select Committees do not meet each week during September, and during October until the House sits, and I am sure that she is not suggesting otherwise. When there is a particular crisis, or a report that must be produced, the Committee will meet. I believe that I am right: Select Committees can hardly meet on the same basis when the House is not sitting.

Helen Goodman: I understand the point that my hon. Friend makes about Select Committees.

One of the issues that my hon. Friend raised—indeed, it was raised by the hon. Member for Kettering (Mr. Hollobone) and by my hon. Friend the Member for Sunderland, South—concerned the fact that the public do not understand the word "recess". We should therefore give a clearer exposition of what happens in the recess. The question of how best to fulfil the role of Member of Parliament has almost as many interpretations as there are MPs. There are many aspects to that role, including—and I agree with my hon. Friend the Member for Walsall, North that it is very significant—holding the Government to account; legislating; and, if one is a Government Member, supporting the Government in getting their programme through and delivering their manifesto commitments. Opposition Members should, quite rightly, oppose Government proposals and, moreover, encourage political debate on those matters.

All of that is rooted in our role as representatives of our constituencies. Of course, I have not been a Member of Parliament as long as my hon. Friend, but it is useful to have a good, solid period of time that one can devote in a concentrated manner to the constituency—not dipping in and out—so that one can follow things through without being pulled back to Westminster to deal with issues in the House. He knows as well as I that if we simply had a recess that coincided with the holidays, whether the July holidays in the case of the Scots or the August holidays in the case of the English, we would have the problem of not being able to meet all the people and listen to their concerns, and we would not be able to visit organisations across our constituencies. The time to do that properly and to think about what our constituents tell us is important in enabling us, when we do come back, to fulfil our other roles to the best of our ability.

Question put and agreed to.

Adjourned accordingly at twenty-seven minutes past Six o'clock.

House of Commons

Monday 12 November 2007

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

CHILDREN, SCHOOLS AND FAMILIES

The Secretary of State was asked—

Safety

2. **Helen Southworth** (Warrington, South) (Lab): What steps the Government are taking to improve the safeguarding of children and young people. [161954]

The Secretary of State for Children, Schools and Families (Ed Balls): Over the past four years, the Government have introduced new legislation, new guidance and new structures to make children safer and to strengthen the vetting and barring system. The recent cross-government Staying Safe consultation and the new public service agreement to improve children's safety will ensure that children's safety is a top priority. We will shortly introduce the children and young persons Bill to improve further the services for our most vulnerable children, including looked-after children.

Helen Southworth: I thank my right hon. Friend for that answer. He is aware that we have been holding parliamentary hearings to try to find better ways of protecting children who run away or go missing. Will he, however, give his immediate attention to the case of the 18,000 children who are being placed outside their local area by local authorities? Many of them are hundreds of miles away from their networks of support. Will he also ensure that a child can be placed away from their family and friends only when it is in the best interests of that child to do so?

Ed Balls: I commend my hon. Friend for the work that she has done for looked-after and missing children. The meeting that she held in the summer with colleagues, including the Under-Secretary of State for Children, Schools and Families, my hon. Friend the Member for Cardiff, West (Kevin Brennan), and me, was directly responsible for the inclusion of a looked-after and missing children's indicator in the local government indicator set. She has raised a particular point today and she is completely right to do so. We, too, have concerns about the number of children in care who are looked after out of area. We think that that currently involves about one third of children in care. In the Bill that we will publish later this week, we will require local authorities to secure a placement for a child within their own local authority area unless to do so would be inconsistent with the welfare of the child—for example, because of complex disabilities or because a child needed to leave an area because of domestic violence.

Mr. Mark Harper (Forest of Dean) (Con): The Minister will probably be aware that Mencap has recently published a report called "Don't stick it, stop it". One of its conclusions is that 82 per cent. of children and young people with a learning disability have experienced bullying, and that such children are twice as likely to be bullied as other children. Has the Secretary of State seen the report? If so, what does he propose to do to try to improve this dreadful situation?

Ed Balls: I have read a report of the Mencap report. I am sure that the hon. Gentleman will agree that all bullying of any kind is completely wrong, and I am keen to work with Mencap to ensure that we give priority to bullying against children with disabilities as well. We produced new guidance on bullying a few weeks ago, and I will ensure that we include Mencap in the current consultations, to make sure that we can eradicate that terrible occurrence.

Ann Coffey (Stockport) (Lab): Fifty-three per cent. of children and young people in Stockport are from other boroughs. There is already advice from the Government to local authorities that children and young people should be placed within their locality if possible, but it is clear that some local authorities are completely ignoring that advice. During the passage of the children and young persons Bill, would the Secretary of State be willing to look again at the registration process and the Ofsted inspection process, to ensure that we can monitor the way in which independent homes that often encourage the placing of children with extensive criminal records in those homes manage the children in their care?

Ed Balls: I can give my hon. Friend that assurance. I also congratulate her on the work that she has done in this area. As I have said, the Bill will make it clear that a child should be looked after in their own area unless it is in the interests of the child to do otherwise. We will look at the provisions that will require that of local authorities, to ensure that the proper safeguards are in place.

Tim Loughton (East Worthing and Shoreham) (Con): Key to the safeguarding of vulnerable children is the engagement of dedicated social workers. Key to the findings in the Victoria Climbié report was the failure of health service professionals and others to engage with those social workers and to adopt a multi-agency approach. Why, then, has the National Children's Bureau today published a report on safeguarding arrangements that reveals that, five years on, 53 per cent. of hospitals do not even have hospital-based social workers, despite the Government's own guidance in the national service framework for children that was introduced after the Victoria Climbié case? How does the Secretary of State hope to remedy this situation, given the worsening

vacancy rates for children's social workers revealed in the latest work force review? Has he had an opportunity to read the Conservative party's report on social workers, "No More Blame Game", in which he might find some of the solutions?

Ed Balls: Unfortunately, I have not yet had time to read that particular document, but I look forward to studying it along with the range of other documents that I read in the course of my duties. I will raise the question that the hon. Gentleman has asked with the Secretary of State for Health and we will look at the issue to see what more needs to be done. I have a joint responsibility on this. I met the Secretary of State last week to discuss these issues as part of our consultations on the children's plan. I will happily have a conversation with him about this and provide a report to the hon. Gentleman in due course.

Educational Standards

3. **Mr. Douglas Carswell** (Harwich) (Con): What steps his Department is taking to raise standards in secondary schools. [161955]

10. **Mr. David Burrowes** (Enfield, Southgate) (Con): What steps his Department is taking to raise standards in secondary schools. [161964]

The Secretary of State for Children, Schools and Families (Ed Balls): Standards have risen over the past decade and the reforms that I have announced to offer more personalised learning in schools and to give teachers more power to enforce discipline in the classroom, as well as our local strategies to tackle poorly performing schools, will all help to drive standards up even further, especially when backed up by the doubling of real-terms per pupil spending since 1997.

Mr. Carswell: Will the Secretary of State take responsibility for the fact that the brand-new £24 million Bishops Park college in Clacton, which was opened by the previous leader of the Labour party a week before the last general election, now faces closure? Does he agree that closure after only two years represents appallingly bad value for public money and appalling failure to raise local standards?

Ed Balls: I will not take that responsibility. The decisions to open the school and to plan places in the local area are both the responsibility of the local authority. If the hon. Gentleman has concerns about how those responsibilities have been taken forward, I suggest that he raises them with the local authority rather than with myself.

Mr. Burrowes: At the launch of past education policies, the Prime Minister and Ministers rushed down to the flagship private finance initiative Highlands school in my constituency. I appreciate that it is more awkward now that Enfield, Southgate benefits from Conservative representation, but I invite the Secretary of State to visit Highlands school to explain why it should rush to introduce diplomas next year, given that the school has only just decided not to go ahead with the international baccalaureate tests, which failed the school, so it is now setting about reintroducing A-levels. On second thoughts, perhaps the Secretary of State should keep away from Highlands school and let it get on with doing a better job of A-levels.

Ed Balls: I am very happy to come and visit. When I do, I will discuss with the school—and with local parents, if the hon. Gentleman would like me to—our policy on diplomas. Let me be clear that we are not going to force parents or schools to teach diplomas, as it will be a matter for local schools and parents to decide, but we will ensure that diplomas are introduced in a comprehensive way. We have added in new diplomas for science, modern languages and humanities to ensure that we have a comprehensive and first-class choice of diplomas, which should be available for all young people by 2011. As I have said, I believe that the diplomas system can be comprehensive and first class and that diplomas could become the qualification of choice, but that will be a matter for the market, parents and schools to decide and not for me to impose.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my right hon. Friend agree that although standards have risen progressively at secondary level, there is something in the "Teach First" document that is to be published this week about the size of schools? Does he agree with the authors that in the secondary world, small can sometimes be beautiful?

Ed Balls: The "Teach First" report is very interesting. It does not say that smaller schools are the way forward, but rather that within schools a case can be made for using house systems or mixed-year tutorial groups to help drive up performance while at the same time providing pastoral care in a more personal form that can be achieved in very large schools. I do not think that the evidence shows that standards have risen either faster or slower in larger or smaller schools. As my noble Friend Lord Adonis said at the weekend, the "Teach First" report definitely deserves study.

Kate Hoey (Vauxhall) (Lab): The Secretary of State will know that all the research shows that good quality sports facilities and having sport in schools raises standards. Why, then, given the welcome building schools for the future programme, is a school such as Stockwell Park in the most deprived part of Lambeth, which currently has a good 25 m swimming pool, to be totally rebuilt minus its swimming pool? Surely that does not show that we mean what we say when we talk about joined-up thinking, bringing together and tackling obesity in our inner-city areas.

Ed Balls: As my hon. Friend will know, a quiet revolution has been happening in school sports over the last few years. In 2002, 25 per cent. of young people were doing the required amount of sport a week; 85 per cent. are doing it now. Just a few weeks ago, I visited the school that my hon. Friend mentioned and met the head teacher—and I know that she did an excellent job. We will ensure that "Building Schools for the Future" provides the flexibility that we need in order to drive up standards and provide the facilities necessary to support the needs of all children in our society.

Mr. Julian Brazier (Canterbury) (Con): How can the Secretary of State talk about improving discipline in schools when even the most basic elements of home-school contracts are not legally enforceable and when, in dealing even with the most disruptive pupils, head teachers and boards of governors can be overruled by independent panels?

Ed Balls: The fact is that we have implemented the Steer review and given head teachers and governors the powers that they need. I stand ready to give any extra powers that they ask for, so that we have the discipline in the classroom that we need to ensure that we continue to drive up standards in our schools.

Mr. John Heppell (Nottingham, East) (Lab): Does the Secretary of State agree that we should congratulate the city of Nottingham on the fact that the number of pupils who attain GCSEs at A to C grade has gone up by six times the national average, admittedly from a very low base? Does he have further plans to alter that persistent attainment gap?

Ed Balls: I join my hon. Friend in passing on those congratulations. In the figures that I published a few weeks ago of the top 20 local authorities that had the largest improvement in grades in the last year, Nottingham was, I think, fifth on the list and therefore deserves all the congratulations of my hon. Friend, myself and all hon. Members. However, there is more that we can do. The extra funding that we have given to personalise learning to make sure that we have extra help for those who fall behind in primary and secondary schools will do more to ensure that we help Nottingham to do even better in the years to come than it has done already in its GCSE performance.

Mr. David Laws (Yeovil) (LD): Coming back to the issue of vocational diplomas, what level of take-up would constitute a success in the Secretary of State's view?

Ed Balls: I am not going to prejudge that now. While the hon. Gentleman and the hon. Member for Surrey Heath (Michael Gove) continue to call the diplomas "vocational", I think that they will be both academic and vocational—both practical and theoretical—and can become comprehensive and first class. I disagree that they are somehow a fantasy or second-class qualification. To give the impression that vocational qualifications are second class is quite wrong. As I said, I think that they can become the qualification of choice. That will mean that the majority of them will be taken in schools in the next decade. However, I am not going to prejudge the timetable for that. As I said, I will let the market—parents and teachers—decide. In the end, they will listen not to me, but to universities and employers, which are increasingly saying that these are good, excellent and, indeed, better qualifications for young people to be studying. But of course the proof of the pudding will be in the eating, and we will see that over the next few years.

Kerry McCarthy (Bristol, East) (Lab): I am sure that my right hon. Friend will agree that school standards and child poverty are inextricably linked because if a child's home circumstances are difficult it is very difficult for them to achieve at school, and if they do not get decent qualifications, that poverty is perpetuated throughout their life. Will he take the opportunity to tell the House whether the Government are still committed to the target of abolishing child poverty? If so, what does he hope to achieve in his role to push that forward?

Ed Balls: The answer is yes, definitely. As my hon. Friend will know, because she was with me and the Chancellor of the Exchequer in No. 11 only last week when we met Save the Children, it is the view of the Chancellor and myself that the child poverty goal is essential. We will not be able to deliver excellence for all unless we tackle the causes of poor performance in schools. One of those causes is child poverty. Therefore, if we are to be an "Every Child Matters" Government—if we are to ensure that we tackle all the barriers to poor performance—it is essential that we stay on track to meet our child poverty goal by 2010.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): The Secretary of State will have seen the comments by Simon Lebus, chief executive of the Cambridge Assessment exam board, who said:

"There is no doubt that confidence in the value of the A-level currency has suffered in recent years."

Do the Government accept responsibility for that? Are they not making matters worse by creating academic diplomas in science, the humanities and languages, in direct competition with the GCSE and A-level, thus creating a two-tier system? Does the Secretary of State share our view that we need to retain the A-level, but restore its rigour so that it can once again become the gold standard of the British education system?

Ed Balls: I am very confused. [HON. MEMBERS: "Yes."] One moment the hon. Gentleman tells me that A-levels have fallen in their standing, and then he tells me that I am being accused of undermining the excellence of the A-level. It seems to me that on this issue, as on many others, including grammar schools and diplomas, Opposition Members should sort out their own lives before they start asking questions of me.

The fact is that we are taking steps to improve A-levels, but introducing diplomas at the same time. Geoff Parks, director of undergraduate admissions at Cambridge university, has said:

"I welcome the fact that these new Diplomas will be HE-led and anticipate that many of our academics would welcome a role in their development."

He has also said that he

"strongly welcomes any moves that will encourage young people to study the sciences, maths and modern languages in particular at a higher level."

At our press conference, he expressed the view that a diploma in maths for engineering would be a better preparation for studying education at Cambridge university than a maths A-level. I think that rather than lecturing me about Cambridge university reports, the hon. Gentleman should listen to Cambridge university himself, and get his facts right before coming to the House with questions of that kind.

Mr. Gibb: So no acceptance of responsibility there, either.

The Secretary of State just said that the market would decide which exams were taken up, but the market is already deciding. At least 200 independent schools have already adopted the more rigorous international GCSE in maths and science rather than the regular GCSE, but state schools are not allowed to adopt the international GCSE. The Government have been reviewing that position for some months. When will they put state schools on an equal footing with the independent sector, and allow them to adopt the IGCSE?

Ed Balls: The reason the exams are not allowed in state schools is that they do not conform to the national curriculum. I think that rather than running down the achievements of our state schools, we should celebrate them. The fact is that their share in A grades in A-levels has been rising, not falling, in recent years.

David Taylor (North-West Leicestershire) (Lab/Co-op): May I urge the Secretary of State to employ some caution before taking the advice of the privately educated Schools Minister in the other place? Downsizing schools does not necessarily drive up standards. In Leicestershire, the comprehensive system produces schools like my old school, Ashby, a specialist technology and languages college with 1,600 students, which is achieving very high standards. I urge the Secretary of State to visit Ashby school, where I used to be chairman of the governors and am still a governor.

Ed Balls: I should be happy to go and look at the school, and I commend its achievements. I do not think we should criticise the Opposition spokesman simply on the grounds that he was privately educated. I am not sure whether that is a fair criticism. It would be fairer to say that he should ensure that he is on solid ground before he makes accusations.

Truancy

4. **Mr. Andrew Mackay** (Bracknell) (Con): What steps his Department is taking to reduce truancy. [161957]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Kevin Brennan) *rose—*

Hon. Members: Hear, hear!

Kevin Brennan: I did not realise that I was so popular.

Our focus is on reducing all forms of unnecessary absence, and in particular on reducing the number of persistent absentees with very high levels of absence. We both support and challenge local authorities in areas where those problems are concentrated. Our success is demonstrated by record low rates of absence last year, and by the 10 per cent. reduction in the number of persistent absentees.

Mr. Mackay: Given that truancy is at its highest level for 10 years, and given the Government's scrapping of the target introduced by the Prime Minister when he was Chancellor of the Exchequer in 1998 to improve school attendance, what hope have we that, when the Government eventually insist on children staying at school until the age of 18, those children will turn up at all?

Kevin Brennan: I should have thought that, as a member of the esteemed club of ex-Government Whips, the right hon. Gentleman would realise that we should be concentrating on persistent absentees rather than the quality of the note provided by the person who is absent. The Government are concentrating on persistent absentees, and as a result there are 75,000 more children at school every day than there were in 1997.

Kelvin Hopkins (Luton, North) (Lab): My hon. Friend may recall that when we last had a debate about truancy there were seven Members in the Chamber, of whom there was a photograph in *The Times*. I might add that I was one of the school creeps who were present at the time.

May I ask whether any studies have been undertaken of truancy in other countries, where truancy rates may be much lower, to identify the drivers of truancy and how we might make a real success of driving it downwards?

Kevin Brennan: Far from giving my hon. Friend an ASBO, I will give him a gold star for being here so often. He is certainly not one of the persistent absentees—unfortunately sometimes, I hasten to add. If he looks at the international comparisons, he will find that this country's record is improving considerably. The reason is that, instead of concentrating on the meaningless and perverse incentive of looking at unauthorised absences, which simply means that schools can decide whether to authorise an absence, we are looking at overall absence. As a result of that, every day we have 75,000 more pupils in school than there were in 1997. Absence among persistent absentees fell by 10 per cent. last year, and 20 per cent. in the schools that we targeted, and it is down overall from 7.23 per cent. in 1995-96 to 6.44 per cent. last year.

Mr. Simon Burns (West Chelmsford) (Con): Is the Minister surprised that, given that this is in effect Education questions and the Liberal Democrats are so concerned about education, all their Back-Bench MPs are playing truant at the moment?

Mr. Speaker: Order. Mr. Lindsay Hoyle.

Mr. Lindsay Hoyle (Chorley) (Lab): My hon. Friend the Minister is right to acknowledge that persistent truancy is a major problem, but there is also the problem of peer pressure on younger people to stay away from school, which leads to drink and drug problems and petty crime. What can we do to ensure that local education authorities across the country have the right funding and do not cut back on truancy and welfare officers? Giving them powers to act is important.

Kevin Brennan: It is very important. Through the national strategies and other schemes, we are concentrating on behaviour, truancy, peer mentoring, bullying and all the things that may impact on truancy. My hon. Friend is right to say that we should

emphasise persistent absence because about 2 per cent. of pupils are responsible for over half of those unauthorised absences that we talked about earlier. Therefore, it is important that we focus on them. We have done that through concentrating on 400 schools with the most problematic records, with considerable success: there was a 20 per cent. reduction last year in persistent absentees from those schools.

Mrs. Maria Miller (Basingstoke) (Con): Ten years ago it was announced that school truancy would be cut by one third, and in fact there are now 1.4 million children playing truant every year. That is almost 500,000 more under this Government. Given that failure, how certain can the Minister be of his proposals to increase the number of 16 to 18-year-olds participating in education by fining them up to £200 when they do not turn up? I am sure he will be aware that the right hon. Member for Sheffield, Brightside (Mr. Blunkett), the former Secretary of State for Education and Employment, recently said that he felt that that idea was in "cloud cuckoo land". Is the Minister expecting to quietly drop that proposal, in the same way as he quietly dropped the failed truancy target?

Kevin Brennan: It is simply not right to say that truancy has gone up in the way that the hon. Lady suggests because she is confusing the statistics for unauthorised absence and truancy. They are not the same thing. She does not have to take my word for that. I refer her to Martin Ward, who is the deputy general secretary of the Association of School and College Leaders. He said:

"It is a mistake"—

I hope she is listening to this—

"to refer to unauthorised absence as 'truancy' since this figure includes the many holidays taken in term-time, which remains a major problem for schools."

We could tomorrow, if she really wants us to, say to schools that we want them to reduce the figures for unauthorised absence and they could do that, without having any impact on truancy, simply by becoming stricter on excuses for absence. If she is serious about truancy, she will concentrate on overall absence, not on the figure for unauthorised absence. We will bring in measures to make sure that young people are in employment, education or training up to the age of 18, with training for them all, including modern apprenticeships.

Science Syllabus

5. **Dr. Brian Iddon** (Bolton, South-East) (Lab): What assessment he has made of the effectiveness of the new science syllabuses for secondary schools. [161958]

The Minister for Schools and Learners (Jim Knight): The new science GCSEs have had an enthusiastic welcome from teachers and pupils alike. The Qualifications and Curriculum Authority has commissioned research evaluating them.

Dr. Iddon: I am pleased to hear that response. The other day I visited two Bolton schools, where the new 21st century science syllabus was being taught by two extremely enthusiastic teachers to enthusiastic pupils. Will my hon. Friend continue to monitor those courses and compare the different science syllabuses that are being taught? Does he accept the criticism that I have picked up from children that they would prefer more practical work to be built into those syllabuses? However, that would require—I hope that he will accept this—massive investment in bringing school laboratories into the 21st century.

Jim Knight: First, I pay tribute to my hon. Friend for championing in the House the cause of science education. I will be talking to the QCA about how it will monitor the different syllabuses—or syllabi; I am not sure of my classics—as they are rolled out. I am grateful for what my hon. Friend said about enthusiastic teachers. He will welcome today's figures from the Training and Development Agency for Schools, showing that the number of trainee science teachers recruited has reached more than 3,000 for the fist time. He will also welcome the increase in the numbers choosing physics, 31 per cent., and chemistry, 32 per cent. Those are good strides forward and what he says about practical work will mean that he, unlike the Conservative party, will welcome the new science diploma that will deliver much more practical learning.

Alistair Burt (North-East Bedfordshire) (Con): When I completed an Industry and Parliament Trust fellowship with Universities UK a couple of years ago, the universities' concern and despair about having to bring on young science undergraduates who had not had the quality of science education at school that enabled them to keep up even in their first year was noticeable. Does the Minister take note of the concerns of universities and of what they would like to see in the science syllabus? It is all very well defending something new, but unless it is producing the quality at school that we need before university we are not serving our young people very well at all.

Jim Knight: We take careful note of what universities are telling us, which is one of the reasons why we have strengthened the A-level—the hon. Gentleman will join me in welcoming the increases in entrance to physics, chemistry and biology A-levels—with the A* and the extended course. We are responding to universities' concerns by bringing forward the science content in all 17 of the diplomas, but particularly with the science diploma, which has been welcomed by Russell group universities, by Oxford and Cambridge, and by universities such as South Bank university that have been working with us on diploma design.

Youth Services

6. **Andrew Miller** (Ellesmere Port and Neston) (Lab): If he will allocate additional funding to youth services in Ellesmere Port and Neston. [161959]

The Minister for Children, Young People and Families (Beverley Hughes): It is for each local authority to determine its own budget on youth services, but the recent comprehensive spending review settlement for local government included an increase in formula grant of 4.2 per cent., 3.5 per cent. and 3.4 per cent over the period 2008-11 that will enable local authorities to build on 10 years of sustained growth to improve

outcomes for children and young people. As well as that continued funding, there are specific areas where we will be allocating new money over the CSR period, including the expansion of the Youth Opportunity Fund in the most deprived areas, and investment in new and improved youth facilities and in positive activities for young people.

Andrew Miller: My right hon. Friend will have seen the imaginative programmes put together by students and young people from my constituency under the Youth Opportunity Fund. Mr. Speaker, you will be particularly interested to know that one of those schemes was entitled Destination Westminster and involved a group of young people coming here to learn about this place. I thank the staff of the House for their support for that scheme. My right hon. Friend knows that young people such as those and others within the cadet forces and other youth organisations do so much good in our communities. Will she ensure that they continue to have some control over their budgets under the youth opportunities scheme, especially with the expanded amounts of money that she has just described?

Beverley Hughes: Yes. I congratulate my hon. Friend on his support for and interest in the cadet forces and the work that they do with young people throughout the country. It is true that the Youth Opportunity Fund has produced some spectacularly good projects. One of the reasons for that is the fund's condition for the direct participation of young people in developing bids for projects, deciding how money will be spent and monitoring and overseeing that expenditure. Secondly, voluntary organisations such as the Sea Cadets, which can provide those structured and positive activities and trusted adults that we know are so important for the development of young people, have a key role.

Positive Activities

7. **Sarah McCarthy-Fry** (Portsmouth, North) (Lab/Co-op): What steps the Government are taking to provide facilities and opportunities for productive activities for young people. [161960]

The Minister for Children, Young People and Families (Beverley Hughes): In July this year, the Government launched "Aiming high for young people: a ten year strategy for positive activities". Supported by £184 million of new Government investment, the reinvestment of unclaimed assets and £495 million of continuing funding, the strategy will improve young people's life chances through participation in positive activities, improved youth support services and, over the next 10 years, new and improved youth facilities in every constituency.

Sarah McCarthy-Fry: I welcome my right hon. Friend's response. We all know the good that such positive and structured activities do. I have in my constituency many disadvantaged young people who do not always have the family support networks that enable them to attend such activities. Will the Government be able to give any help to such people in my constituency?

Beverley Hughes: I am grateful for my hon. Friend's interest in this important topic—as, sadly, it does not seem to be exciting much interest on the Opposition Benches. There will be additional funding specifically for extended schools to enable children from poorer families who cannot afford to pay for activities to take part in them. Also, the "Positive activities for young people" scheme will be extended, with an additional £82 million over this period specifically for very disadvantaged areas. The youth opportunity fund will also have an additional and separate element of money specifically for the most disadvantaged areas, so we can make sure that all young people can take part in these activities.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Could the right hon. Lady comment on a problem that one of my tertiary colleges has? That college, in Cirencester, has responsibilities that come under her remit—such as the agenda for 14 to 19-year-olds, GCSEs and A-levels—but other responsibilities, such as vocational courses, come under the remit of the other Ministry concerned. Now that such responsibilities have been split up, it seems that the two ministries do not have joined-up government thinking. What is her Department doing about that?

Beverley Hughes: I am grateful for that hastily thought-of question. We are working closely with our colleagues in the other Department. More to the point, it will be the responsibility of local authorities, with support from both Departments, to ensure that, through measures such as their 14-to-19 provision in schools and further education colleges, and bringing Connexions into the local authority arena to support young people with positive mentoring, every young person can get both the flexible package they need to make the best of themselves and the personalised support to make sure they can access the improved provision that the diplomas and other reforms will bring in.

School Finances

8. **Robert Neill** (Bromley and Chislehurst) (Con): If he will make a statement on the treatment of financial balances held by maintained schools. [161961]

The Minister for Schools and Learners (Jim Knight): As I made clear in my statement of 30 October, schools and local authorities must work to reduce revenue balances substantially over the next three years, making full use of existing local authority clawback powers, because revenue funding is for today's pupils and capital funding is for future investment. The operation of a modest surplus year on year makes sound financial sense but, at £1.7 billion, the national total is unacceptable, and if balances remain high we will act to release some of the money for the benefit of current pupils.

Robert Neill: I am sure that the Minister knows of, and will want to recognise, the high quality of the head teachers in my constituency. Perhaps he would also like to know that when I wrote to them about his proposal, the balance of the sentiment of the replies was that it is "absolutely ridiculous" and "ill thought-out", and

"will undermine the whole concept of financial independence"

and

"create a perverse incentive to spend money before the year end to prevent clawback rather than"

prudently to roll money over for the next year for higher priorities. Against that background, will the Minister not take the message that the best thing would be not only to remove the retrospective element of the calculation but to take away the entire scheme and think again, as it is creating disillusion and concern for responsible and prudent head teachers?

Jim Knight: We certainly believe that, as I have just said, a modest surplus year on year makes sound financial sense. In the Bromley authority, in the area that the hon. Gentleman represents, the net revenue balance was relatively modest, and I am sure his head teachers are doing a good job and enjoying spending the increased capital money to invest in their pupils, which has increased from £1.66 million 10 years ago to an allocation of £576 million in 2011. That reinforces the point that if schools continue to build up excessive surplus balances, they need to be dealt with so that the money can be spent on current pupils. However, we have now given schools good notice—at least a couple of years—of the need to get their act together, to work with local authorities and to reduce excessive balances, while maintaining a prudent surplus.

Fiona Mactaggart (Slough) (Lab): Does the Minister recognise how welcome it was to schools throughout the country when this Government introduced money that can be spent at the discretion of head teachers, which has enabled schools to develop transformative projects that are not necessarily part of the national priorities, but that best fit those schools' needs? Will he reassure head teachers that that approach, which allows them to decide local priorities, will continue?

Jim Knight: I absolutely assure my hon. Friend that we shall continue that discretionary approach of allowing head teachers the freedom to allocate funds. In capital terms, we now delegate directly to schools more money than was in the whole capital fund under the previous Government. In the schools funding announcement that I made this morning, the school standards grant, the SSG personalisation element and the school development grant will all increase in line with the minimum funding guarantee. All those funds go directly to schools, and head teachers decide how to spend them.

Specialist Sports Colleges

9. **Mr. Philip Hollobone** (Kettering) (Con): What the criteria are for designating secondary schools as specialist sports colleges, with particular reference to facilities. [161962]

The Minister for Schools and Learners (Jim Knight): All successful applicants to the specialist schools programme must demonstrate that they have the capacity, including access to the relevant facilities, to take on the challenge of specialist status, to raise standards in the specialism and across the school, and to become a centre of curriculum excellence in their area. That includes raising £50,000, combined with a £100,000 contribution from the Department for Children, Schools and Families, to undertake a capital project to enhance specialist facilities.

Mr. Hollobone: Southfield school for girls in Kettering was designated a specialist sports college in 2004, yet three years later it is still struggling to find appropriate funding for its changing room facilities. A recent Ofsted report said:

"Accommodation is poor and a constraint on students' achievement."

The school tells me that the provision of the proposed five hours a week of high-quality sport and activity will be impossible unless funds are found. Will the Minister assure the House that when designating schools as specialist sports colleges, he will also ensure that they have the funds that they need to provide the appropriate facilities?

Jim Knight: We certainly provide sufficient funds to do that to the local authority. I understand that when that school was designated a specialist sports college there was a sports hall, but it had to be closed after asbestos was discovered. I am pleased to hear that phase 1 of a new sports hall worth £1 million is being opened, with a £100,000 contribution from my Department, £168,000 from new opportunities funding and £250,000 from the county council. We have also just allocated a further £135 million to Northamptonshire—up from £7.5 million 10 years ago—so I hope that the hon. Gentleman will talk to his friends the Tories at county hall in Northamptonshire and get them to fund the next phase.

Education Leaving Age

11. **Sir Nicholas Winterton** (Macclesfield) (Con): If he will make a statement on the Government's proposals that all young people should remain in education or training until the age of 18. [161965]

The Secretary of State for Children, Schools and Families (Ed Balls): We announced last week our intention to legislate to raise the participation age so that all young people can continue in education or training until 17 from 2013 and until 18 from 2015, building on the Green Paper published in March.

Sir Nicholas Winterton: I am sure that the Secretary of State is aware that this country needs a bigger and better skilled work force, but nothing can be gained by forcing young men and women to stay on at secondary school. What is important is to increase dramatically both apprenticeships and the appropriate courses in colleges of further education, such as Macclesfield college. Will he make money available to enable those things to happen?

Ed Balls: Yes. May I also say that I agree with the hon. Gentleman entirely? If our proposal was to raise the school leaving age to 18, he would be right to criticise us, but it is not: our proposal is to raise the education leaving age. From 2013, we want 16 and 17-year-olds to be in full-time school or college, in work with training or on an apprenticeship. We plan to increase the number of apprenticeships by 92,000 a year by 2013, precisely to achieve what he wants us to

achieve. I hope that in tomorrow's Queen's Speech debate, when we can go into this in more detail, I will be able to persuade him, and other Conservative Members, that they are wrong to oppose our proposals on this. They should be supporting us in raising the education leaving age so that we can equip young people in our country for the 21st century.

School Exclusions

12. **Ms Sally Keeble** (Northampton, North) (Lab): What progress is being made in reducing school exclusions. [161966]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Kevin Brennan): We back heads when they take the difficult decision to exclude a pupil permanently. The intention must be to intervene early to nip misbehaviour in the bud and so reduce the need for permanent exclusion. Since 1997-98, the number of permanent exclusions has fallen by almost a quarter, from 12,300 to 9,330.

Ms Keeble: I welcome the improved figures set out by my hon. Friend. Will he say whether any thought is going into getting his Department to work closely with local police forces to deal with some of the antisocial behaviour that results from school exclusions, and to use that as a mechanism to pick up the most difficult young people and get them back into school?

Kevin Brennan: Yes, I can confirm that. Of course, we have also introduced responsibility for parents during the first five days of absence after a pupil is excluded from school and greater responsibility for schools, local authorities and pupil referral units to ensure that those young people are not languishing around the streets, as they were in the past, but are receiving an education, as they should be. We are making significant progress in that area.

Topical Questions

T1. [161993] **Mr. Desmond Swayne** (New Forest, West) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Children, Schools and Families (Ed Balls): May I congratulate the hon. Gentleman on securing the first topical question in this new Question Time slot, as part of our drive to modernise Parliament? As the first Department to take part in this innovation, we will do our best and see how it goes.

This morning, my colleague the Minister for Schools and Learners laid a written statement before the House on school funding for 2008-2011. It, too, is a significant first. This is the first time that three-year revenue budgets have been set for schools. Together with recently announced three-year capital allocations, it means that schools will be able to plan ahead more effectively. The overall level of school revenue funding will increase by 4.3 per cent. in 2008-09, 4.7 per cent. in 2009-10 and 5.3 per cent. in 2010-11, building on 10 years' strong growth in school funding as we move from below average to what is now above average performance on the road to a world-class education system in our country.

Mr. Swayne: If I had thought this was modernisation, Mr. Speaker, I would not have asked the question! What the Secretary of State has not just said about the announcement today is that he is cutting the guaranteed minimum funding for schools from 3.7 per cent. to 2.1 per cent. Is that not just another way in which bureaucracy steals money from good schools?

Ed Balls: I would have thought that the hon. Gentleman should be congratulating us on raising the amount going to schools, including those in his area. The fact is that the minimum funding guarantee, at 2.1 per cent., is consistent with a 3 per cent. growth in overall schools funding over this spending review period, which contrasts with a growth of 1.4 per cent. between 1979 and 1997. So we are still doing more than twice what the Conservatives were doing. He should be congratulating me on delivering for Hampshire over the next three years a 12.9 per cent. increase in funding per pupil for spending in his area, and on the fact that Hampshire is 63rd of 149 local authority areas—in the top half—for the amount of extra money being received in school funding over the next three years. The authorities are getting more money to invest in schools in the hon. Gentleman's area, and in the areas represented by all Conservative Members.

Natascha Engel (North-East Derbyshire) (Lab): As a result of an announcement made by my hon. Friend the Minister for Schools and Learners last month on capital funding, Derbyshire schools have seen their capital funding increase by almost 480 per cent. But what will happen to revenue funding?

Ed Balls: I can give my hon. Friend the figures, which were announced this morning by my hon. Friend the Minister for Schools and Learners. The overall amount is a 13.2 per cent. increase, which puts Derbyshire 41st, and it includes £13 million more for personalised learning and £1.9 million for pockets of deprivation in her area. It is an above average increase that will continue the excellent improvement in standards that she has achieved in her constituency.

Michael Gove (Surrey Heath) (Con): I congratulate the Secretary of State on dodging so magnificently the question asked by my hon. Friend the Member for New Forest, West (Mr. Swayne) and ignoring the point that he made—that the minimum funding guarantee has been cut from 3.7 per cent. to 2.1 per cent. There has been much debate recently about the extent to which the Secretary of State wants to carry on the reform agenda that was begun under Tony Blair. May I ask the Secretary of State directly if he believes, as the former Prime Minister did, that academies can drive up standards by pioneering new policies where inner-city local authorities have failed to innovate, and in so doing provide a new competitive pressure in the state system that increases parental choice and quality for all?

Ed Balls: The answer is yes, of course. That is why we are increasing the number of academies and working with the best local authorities, which are now proposing academies. On the minimum funding guarantee, I have to point out that a 2.1 per cent. increase a year for three years is an increase, not a cut.

We are increasing the amount of money going to schools year by year. It is certainly true to say that the rate of increase in the next three years will be slower than the rate of increase in the last three years. There will be a need for more efficiency gains to deliver more spending per pupil and to continue with a rising share of education and school spending in our GDP. I know that the hon. Member for New Forest, West (Mr. Swayne) is not in favour of modernisation, but he must still agree that a 2.1 per cent. increase is an increase, not a cut.

Michael Gove: The whole House will be interested to note that the Secretary of State could not wait to get off the question of academies. In particular, he did not explain why academies have lost the freedom that they used to have over the curriculum. There is a real worry that the Secretary of State may not be serious about reform.

In a new BBC film to be screened next week, entitled "The Blair Years", the hon. Member for Norwich, North (Dr. Gibson) recalls the Secretary of State, when he was a Treasury aide, egging him on to revolt against the Blair education reforms. The Secretary of State apparently said to the hon. Gentleman:

"Gosh, you've been on the TV and radio a lot recently, keep going, excellent".

Can the Secretary of State now put our minds at rest, deny that he said that, confirm that the hon. Member for Norwich, North got it completely wrong, and assure us that when he was at the Treasury—

Mr. Speaker: Order. The Secretary of State is here to answer on his responsibilities for education, and the hon. Gentleman is questioning him about his previous employment. It is not on.

T2. [161994] **Hugh Bayley** (City of York) (Lab): Perhaps I should start by congratulating the Secretary of State on behalf of children in the New Forest as well as children in York. York schools receive less funding per pupil than the national average, and the Secretary of State knows that I have been campaigning on that. We have some real pockets of deprivation in York, so will the new school funding settlement, announced today, give York schools a larger increase in funding than the national average, in order to start closing that gap?

The Secretary of State for Children, Schools and Families (Ed Balls): The answer is yes. I know that my hon. Friend has been campaigning on those issues for some time, and that York is a member of the F40 group. The extra £2.8 million for personalisation for York and the £700,000 for pockets of deprivation, which will deliver an above-average 13.5 per cent. increase over three years, will mean that York is 24th in the list of local authorities in terms of their three-year increase. My hon. Friend's campaign has clearly worked. We have listened to his concerns, and because of the extra money for personalisation and pockets of deprivation there will be more money available per pupil for spending in York in the next three years.

T3. [161995] **Peter Luff** (Mid-Worcestershire) (Con): The campaign undertaken by the hon. Member for City of York (Hugh Bayley) will work only if this year's figures are sustained year after year, so that the gap is closed. Will anything in today's school funding settlement make a significant contribution to addressing the fundamental unfairness that results in a 600-pupil three-form entry primary school in an affluent area of Birmingham getting £1 million more a year—over £1,600 per pupil more—than a primary school of identical size in a less affluent area of Worcester?

The Minister for Schools and Learners (Jim Knight): I pay tribute to the work that the hon. Gentleman has done, but I pay particular tribute to the work that my hon. Friend the Member for Worcester (Mr. Foster) has done to raise concerns on behalf of the county. If the hon. Member for Mid-Worcestershire (Peter Luff) looks at the figures for Worcestershire, he will see that its dedicated school grant is up by 13.4 per cent. per pupil over the settlement period. That is above the average. It is narrowing the gap between Worcestershire and the more highly funded authorities, and I am sure that he welcomes that.

T9. [162001] **Mr. David Kidney** (Stafford) (Lab): I am sure that Staffordshire and other members of the F40 will want to thank the Secretary of State, first for the stability of a three-year settlement, and secondly for recognising that, as has long been argued, pockets of deprivation are not being acknowledged in the present formula. He will know that the authorities that are always at the bottom of the funding league table do not really argue about their position relative to others, but they do argue about the size of the gap between them and the authorities that receive the most money. Will he say whether in the next three years he expects that gap to stay the same, get bigger or get smaller?

The Secretary of State for Children, Schools and Families (Ed Balls): Again, I should commend my hon. Friend for his campaigning on those issues. As he says, the £2.5 million of funding for pockets of deprivation will help Staffordshire, which will have an increase above the England average—13.4 per cent., compared to 13.1 per cent. There is clearly a narrowing of the gap, and it is right that there should be, but at the same time we need to make sure that our funding reflects the needs of rural areas, as well as deprivation and special needs, and we will continue to make sure that that is central to our thinking on education funding.

T4. [161996] **Tony Baldry** (Banbury) (Con): What responsibilities does the Department for Children, Schools and Families have for post-16 education, training and funding, and what responsibilities does the Department for Innovation, Universities and Skills have for those matters, and which Department has responsibility for further education?

The Secretary of State for Children, Schools and Families (Ed Balls): Responsibility for funding 16-to-18 provision lies with my Department. Responsibility for ensuring that we implement the diploma programme and for apprenticeships for people up to the age of 18 is the responsibility of my Department. The Department for Innovation, Universities and Skills has responsibility for adult education; within that, it sponsors the further education sector. On apprenticeships and further education, it is clearly important that the two Education Secretaries

in the Cabinet work closely together, and we will. That is how we will deliver on our ambitions to raise education and skills among people up to the age of 19, which is my job, and among the adult work force, which is the job of my right hon. Friend the Secretary of State for Innovation, Universities and Skills.

T6. [161998] **Chris McCafferty** (Calder Valley) (Lab): In the light of the forthcoming Human Fertilisation and Embryology Bill and the recent debate on abortion, what plans does my right hon. Friend the Minister for Children, Young People and Families have to make comprehensive sexual health and relationship education compulsory in our schools?

The Minister for Children, Young People and Families (Beverley Hughes): I agree with my hon. Friend that sex and relationship education of a high quality is fundamentally important for many young people, and it is important that our schools, with parents, deliver that kind of education to our young people. However, I have to tell my hon. Friend that whether that education is on a statutory basis is not to the point. What matters much more is how good that education is. We have taken our advice from Ofsted, which, having considered the issue, said in a report this year that too much time and effort had been spent discussing whether personal, social and health education should be a statutory subject. Making something statutory does not ensure that it is provided effectively, or indeed at all, so we are introducing a range of measures to make sure that the quality of that education is driven up, through guidance, continued professional development for teachers, subject association for teachers and a website for them. Through Ofsted, we continue to monitor whether the quality is good, and whether the teaching is preparing our young people for difficult issues to do with relationships as they grow older.

T5. [161997] **Mr. Hugo Swire** (East Devon) (Con): According to the Department's own statistics, Devon will have to find an additional 3,500 places to meet the Government's target of raising the school leaving age to 18 by 2013. Can the Secretary of State say what guidance he is giving local authorities so that they can meet those targets? Furthermore, will he speak to his Cabinet colleague about Exmouth community college, the largest secondary school in Europe, and support its plans to expand into the Rolle college site, which is being vacated by Plymouth university?

The Minister for Schools and Learners (Jim Knight): I remember visiting Exmouth community college last summer with my right hon. Friend the Minister for Children, Young People and Families. The issues with that site were pointed out to us, and I have sympathy with the college's plans.

On raising the participation age, I should say that, as the Secretary of State has said today, it is important that people understand that we are not talking about raising the school leaving age. It is perfectly in order for people to leave school at 16 and go to work, as long as they carry on training. Indeed, it would be in order for them to do voluntary work, as long as they carried on for the equivalent of a day a week in training, which would be provided by the likes of Exmouth college, other training providers and 14-to-19 partnerships. I am sure that there are some excellent ones in the hon. Gentleman's constituency.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): If my hon. Friend thinks that the fast-track programme for promoting gifted young teachers into headships fast is so good—and everyone who has done it says that it is—why are the Government cutting it back and taking the most expensive residential elements out of it?

Jim Knight: Naturally, I listen carefully to the concerns of my hon. Friend, who is Chairman of the Select Committee on Children, Schools and Families, and I shall talk to him further. Fast Track Teaching is an important scheme, as are Future Leaders and Teach First; all work extremely well. We are now expanding Teach First into Manchester and the black country because it has been working so successfully. I look forward to continued conversations with my hon. Friend and congratulate him on his appointment to the new Select Committee.

T7. [161999] **Mr. Andrew Robathan** (Blaby) (Con): Why, in the Secretary of State's opinion, do more children now attend private schools than had recently been the case? Does he think that more parents are trying to buy privilege by sending their children to private schools, such as the ones that he, the deputy leader of the Labour party and I attended, or does he think that, notwithstanding the excellent work done by huge numbers of teachers in our schools, there is a lack of confidence among parents about the standard of education that children are receiving under this Government?

The Secretary of State for Children, Schools and Families (Ed Balls): The opposite is true. A study published today by Keele university shows that nine out of 10 parents are happy with their children's schools. Peak attendance at private schools, as a share of all schools, was in 1990. It is true that private school attendance has risen in the past few years; that tends to happen when the economy is doing as well as it has been. However, the vast majority of young people are in state schools. As I said earlier, the percentage of A-level A-grade passes obtained by state school pupils is rising, not falling. People will look at that and say that a state school education is not only the majority option, but increasingly the best option for young people.

Points of Order

3.35 pm

Sir Patrick Cormack (South Staffordshire) (Con): On a point of order, Mr. Speaker. I should be grateful for your guidance on a point of order of which I have given you notice. Last week, you issued some helpful guidance and advice to the House on various matters. Would you consider also giving guidance and advice on the working of Select Committees? It has always been my understanding that Select Committees are for holding the Government to account. I think that you would agree that it would be preposterous if the Foreign Secretary, who is due to address us in a few minutes, suddenly became the Chairman of the Foreign Affairs Committee.

This morning, I received a note—doubtless other Members did, too—that stated that on Wednesday the Modernisation Committee is to hear evidence from the Leader of the House. It may not have escaped your notice that the Chairman of that Committee is the Leader of the House. That is preposterous and absurd, and I ask you to give careful thought to whether we should take possession of all Select Committees.

Sir Nicholas Winterton (Macclesfield) (Con): Further to that point of order, Mr. Speaker. As a member of the Modernisation Committee, I believe that the evidence to be given it by the Leader of the House will be helpful. Furthermore, the Committee will be in very good hands, as I shall be chairing it.

Mr. Speaker: As usual, the hon. Gentleman has been very helpful indeed. I was going to suggest that of course a Chairman of a Select Committee can give evidence, because a Select Committee is there not only for the purpose of calling the Executive to account but for the working of this House. Select Committees such as the Modernisation Committee and the Administration Committee seek to improve the facilities of the House. As Sir Nicholas said, we have a very capable Vice-Chairman who will take the Chair and allow the Leader of the House to give evidence. That is a very good arrangement indeed; I see nothing wrong with it at all.

Dr. Julian Lewis (New Forest, East) (Con): On a point of order, Mr. Speaker. Are you aware of the league table that has been compiled by my hon. Friend the Member for Forest of Dean (Mr. Harper) showing the very wide variation in departmental substantive answers to written questions? Whereas some Departments, such as the Foreign and Commonwealth Office, give more than 80 per cent. of substantive answers on the due date for a named day question, the Ministry of Defence is the worst of the lot, with only 22 per cent. One of the answers that I received recently was to a question asking the Ministry of Defence whether, when it responds to an hon. Member by referring them to a previous written answer to another hon. Member's question, it would make it its policy to include a copy of that answer in with its reply. The reply to that was one word: "No." Is there any reason you can think of for this discourtesy to hon. Members?

Mr. Speaker: I am not responsible for these matters. As for league tables, I am not particularly interested in those.

BILL PRESENTED

National Insurance Contributions

Mr. Chancellor of the Exchequer, supported by the Prime Minister, Mr. Secretary Hain, Andy Burnham, Jane Kennedy, Angela Eagle and Kitty Ussher, presented a Bill to make provision in connection with the upper earnings limit for national insurance contributions (including in particular provision about the upper accrual point): And the same was read the First time; and ordered to be read a Second time tomorrow, and to be printed. Explanatory notes to be printed [Bill 7].

Orders of the Day

Debate on the Address

[FOURTH DAY]

Order read for resuming adjourned debate on Question [6 November],

That an Humble Address be presented to Her Majesty, as follows:

Most Gracious Sovereign,

We, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom and Great Britain and Northern Ireland, in Parliament assembled, beg leave to offer our humble thanks to Your Majesty for the Gracious Speech which Your Majesty has addressed to both Houses of Parliament.—*[Mr. Caborn.]*

Question again proposed.

Foreign Affairs and Defence

3.37 pm

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I consider it an enormous privilege to open today's debate as Foreign Secretary. My purpose is to set out how the Government will engage abroad to help to build security and prosperity at home.

Today, I laid a wreath and led a service of remembrance in the Foreign Office to remember those members of our staff who have been killed in the line of duty, including two in the past year. It is therefore appropriate that I use this debate to recognise the dedication, bravery and skill of Britain's diplomats, armed forces and aid workers around the world, and I am sure that the whole House will join me in doing so.

Members in all parts of the House agreed last Wednesday that Pakistan must be close to the centre of our foreign policy concerns. I am sure that the House will therefore understand if I start with the crisis in that country. I will not rehearse the proximate causes of the crisis nor our short-term aims and objectives—clarity about free and fair elections, General Musharraf's resignation as head of the army, restoration of media freedoms, and release of political prisoners—but I spoke yesterday and this morning to our high commissioner in Islamabad, and this is the current position.

The commitment of General Musharraf to elections by 9 January is welcome. Less welcome, however, is the lack of clarity on when the state of emergency will end. Current conditions stand in the way of free and fair elections, and there are mixed signals about the amendment to the Army Act, which allows civilians to be court-martialled, primarily for terrorist charges. This lack of progress on the position of political prisoners, which I discussed with leading human rights campaigner Hina Jalani in London last week, is a major concern for all friends of Pakistan. I am sure the whole House will also deplore the deportation of three British journalists and continuing restrictions on media freedom.

Keith Vaz (Leicester, East) (Lab): Is the Foreign Secretary satisfied with the operation of the entry clearance system in Islamabad during the crisis? I have had representations from constituents who have been unable to get visitor visas while the situation is ongoing. Is he arranging for any further help to be given, resources-wise, to help the entry clearance operation?

David Miliband: Yes, I am confident that processes are being taken forward with normal speed. If my right hon. Friend wants me to look at a particular case, I shall of course do so. I visited the visa centre last July and saw the work that is going on to deliver 200,000 visitor visas a year with a 24-hour turnaround. I am happy to take up individual cases, but as far as I know from discussions with the high commission, there are not any problems.

The House will agree that the best interests of Pakistan—its security and development—are served by a managed transition to democratic rule, with elections that are genuinely free and fair and allow the voice of the moderate majority to be heard. There is also a Commonwealth dimension. Her Majesty the Queen, His Royal Highness the Prince of Wales, the Prime Minister and I, as well as the Secretary of State for International Development, will attend the Commonwealth Heads of Government meeting in Kampala next week. Today, the Commonwealth ministerial action group will meet to discuss Pakistan.

The focus of the Commonwealth conference will be on broader issues of governance, democracy, climate change and the millennium development goals. It is right that the issue of Pakistan is on the agenda for the Commonwealth conference, and if there is no progress on the current position the Commonwealth will have to look at all available options, including suspension, as we discussed last week. The Commonwealth ministerial action group will consider the situation today and take stock, pending the discussion by leaders next week.

Andrew Mackinlay (Thurrock) (Lab): As I recall, the ground rules for membership of the Commonwealth that are enshrined in the Harare declaration mean that a dictatorship cannot be a member of the Commonwealth—or at least, that such a state must be suspended from it. At what point will the British Foreign Secretary deem that the line has been crossed so that we must consider suspension of a state from the Commonwealth?

David Miliband: My hon. Friend is absolutely right. Clear rules were set out in, ironically, Harare. In 2002, we showed that suspension is a tool to be used, and Zimbabwe was expelled from the Commonwealth. We have to judge each case against the criteria as it comes up, but I assure my hon. Friend that matters will be properly dealt with.

The crisis in Pakistan raises many of the central questions facing UK foreign policy. I want to address, first, democracy building and the rule of law, especially the situation in Iraq and the middle east; secondly, counter-terrorism, especially the situation in Afghanistan, which is a key test for the future of NATO; and thirdly, nuclear proliferation, especially the position of Iran. I will then address the important legislation we will consider on the future of the European Union and its institutions.

James Duddridge (Rochford and Southend, East) (Con): With those important considerations, is the Secretary of State not concerned that Lord Malloch-Brown has been described by Foreign Office officials in the newspapers over the weekend as a liability? The Prime Minister actually said, in *The Spectator* and *The Times*, that had he known it would have caused such a fuss, he would not have appointed him at all.

David Miliband: Lord Malloch-Brown is an experienced diplomat with a huge amount to offer to British foreign policy, and he has an important contribution to make in his work on Asia and Africa. He has already shown in his work on Darfur and Zimbabwe that his experience can be put to very good effect, and I suggest that we judge the noble Lord by his actions, which will show excellence, rather than by rumours that concern the past.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): The Foreign Secretary has said that Lord Malloch-Brown is an experienced politician—

David Miliband: An experienced diplomat.

Mr. Vara: I am grateful to the Foreign Secretary for assisting me even further with the question that will follow. Given that Lord Malloch-Brown is such an experienced diplomat, why has the Foreign Secretary had to reprimand him for describing Burma by a term acknowledged by the United Nations, but not by Britain?

David Miliband: The hon. Gentleman takes the proceedings of this House and the other place very seriously. I am sorry that he did not look at the debate to which he referred. On more than 10 occasions in that debate—

Mr. Vara: Answer the question.

David Miliband: I am about to answer the question. On multiple occasions, the noble Lord referred to Burma, which is exactly how we do it, and on one occasion he referred to Myanmar. The noble Lord will make a major contribution to British foreign policy, his experience will be put to good effect and I suggest that we deal with actions rather than words.

Several hon. Members *rose—*

David Miliband: I am happy to take further interventions, but I suggest that there are major issues that we want to get stuck into during this debate.

Mr. Tobias Ellwood (Bournemouth, East) (Con): As we are talking about the competence of lords, will the Foreign Secretary say what happened to Lord Drayson, who until last Wednesday was due to open a debate on the very subject we are talking about? I understand he then got into his car and disappeared. Would the Secretary of State explain exactly what happened to him? Why did he depart so quickly?

David Miliband: No, I am not able to shed light on those matters. I am sure that the hon. Gentleman can take his questions about Lord Drayson elsewhere.

Mr. Nicholas Soames (Mid-Sussex) (Con): The Foreign Secretary talked about liabilities. What role does he believe Baroness Vadera played in closing down the Defence Export Services Organisation?

David Miliband: I am afraid that the hon. Gentleman will have to address that question to other quarters. Baroness Vadera is making a major contribution in the Department for International Development and I suggest that we allow her to get on with it.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): I just want to inform my right hon. Friend that I have had a very constructive meeting with Lord Malloch-Brown. I went to see him precisely because of his extensive knowledge of Africa and his role with the UN. I think he will prove an invaluable Minister.

On the issue of Pakistan, will my right hon. Friend confirm our position with respect to continuing to fund the Pakistani Government and the development of their systems and democratisation process?

David Miliband: My hon. Friend raises an important point. As I explained to the House last week, we are determined that no actions that we take could hurt the people of Pakistan. The focus of our development aid on health and on education is widely supported across the House, as is the funding that we are giving for free and fair elections. This is certainly not the time to withdraw that aid.

I said that I would address first the situation in Iraq and the middle east peace process. The decision to go to war divided the country, but nearly five years on from the fall of Saddam Hussein, now is the time not for historical reckoning but for practical engagement. Without prejudice to the sincere views about the original decision to invade, now, following unanimous United Nations Security Council resolutions and the democratic vote of 11 million Iraqis, we have the chance to unite around the vision of an Iraq proceeding step by step to self-government on the basis of better security, stronger economic development and enhanced political reconciliation.

My right hon. Friend the Secretary of State for Defence was in Iraq last week and he will speak for himself and for the Government later. However, our priorities are clear: to fulfil our obligations to the people of Basra as we move towards Iraqi security control in December; to work with the Government in Baghdad to promote an inclusive political system and culture; to ensure that the terrorism of the PKK is addressed head on in the north of the country in partnership with the Government of Turkey; to support economic reconstruction across Iraq; to engage all the neighbours of Iraq, Sunni and Shi'a, in a shared commitment to stability in the country; and, finally, to rally the international community around the globe behind the goals set out in UN resolution 1770.

Michael Connarty (Linlithgow and East Falkirk) (Lab): My right hon. Friend quickly passed over the question of the PKK's working with the Government of Turkey. He made no mention of the autonomous government of Kurdistan. The people there have had a democratic structure since before the invasion and clearly have a role to play in the solution—and that

[Michael Connarty]

includes the Kurdistan Democratic party, which controls the part of the country where the PKK is hiding out.

David Miliband: My hon. Friend raises an important point. Both the Baghdad Government and the Kurdish regional government in the north are critical partners of the Government of Turkey, along with coalition forces led by the United States, in bringing security to that region.

The middle east needs a stable Iraq, but it also needs security for Israel and a viable state for Palestinians. The stakes in the next year could not be higher, with a choice between the best chance for many years to deliver a two-state solution and the alternative of bloodshed and instability on the basis of failed talks. I will see and hear for myself the current prospects when I visit the region next weekend.

Tom Levitt (High Peak) (Lab): Anyone who has stood in the olive groves of Bethlehem or the town centre of Hebron will have seen the deprivation and poverty of a country under occupation. Apparently, the situation in Gaza is 10 times worse. Will my right hon. Friend ensure that he aims for a two-state solution, not a three-state solution with Gaza and the west bank treated separately?

David Miliband: My hon. Friend makes an important point, which we have been addressing in this House since the attempted coup in Gaza in June. It is absolutely clear that as well as ensuring a two-state solution and reaching out to all those committed to peaceful means we must also ensure economic, social and humanitarian development in all parts of Israel and the occupied territories. I can absolutely confirm that, although the initiative lies with President Abbas, and it is for him to lead a reconciliation among the Palestinians, we are clear that we must aim for a two-state solution.

Mr. David Winnick (Walsall, North) (Lab): I do not for one moment question the right of Israel to exist—that has been my view from the very beginning, in 1948—but how can it be said that Israel is genuinely committed to a two-state solution, with a sovereign and independent Palestinian state, when there is not the slightest prospect of Israel's giving up so much of the land occupied since 1967? Israel not only refuses to give up that land in negotiations but continues to build settlements. How, therefore, can it be argued that Israel is genuinely committed to the peace process?

David Miliband: I know the passion and long-term commitment that my hon. Friend has brought to the issue. He is absolutely right, and it is our view as well, that the settlement process is not helpful towards the two-state solution that he and I seek. Indeed, I have made clear our views on that to Foreign Minister Livni, too. However, Prime Minister Olmert's speech to the Saban forum eight days ago was an important and even landmark speech in the way that it followed up his previous speeches in the Knesset and discussed the most difficult issue of Jerusalem. His were the words of a politician who realises that it is in Israel's vital security interests to help build a two-state solution with a viable and secure Palestinian partner. Israeli security fears and Palestinian economic suffering are two sides of the same coin and they need to be addressed together.

Michael Connarty: My right hon. Friend has not yet mentioned the apartheid wall that Israel has built. The Antonine wall, the last wall of the Roman empire, ran through Falkirk in my constituency, where ordinary people have formed a friendship link group. They ask how it can possibly be correct for Jayyous, the Palestinian village with which the group is twinned, to be cut off from all its fertile land and for the people to have to travel 20 km to get round the wall. Surely the wall must be an issue that the UK Government should take up with the Israeli Government as something that it is necessary to remove for peace and for two states to be established.

David Miliband: We have indeed taken up the issue, but I say this to my hon. Friend in all seriousness. The wall, he believes, is a cause of problems in the middle east; however, it is also a symptom of problems in the middle east. It is a symptom of Israeli security fears and the fact that the Israeli people were subject to terrible suicide bombing and terrorism. I hope that my hon. Friend will understand when I say that we have to address the causes as well as the symptoms. That means taking seriously Israeli security fears, which are well founded, as we have seen all too tragically.

Mr. Hugo Swire (East Devon) (Con): When the Foreign Secretary travels to that part of the world shortly, will he try to impress on the Israeli Government the fact that they cannot continue to use the cutting off of energy resources into Gaza as a threat? Also, the choking off of Gaza is beginning to exacerbate an already tricky situation, so will he stress the importance of opening up the border with Gaza again, so that that population can continue to trade?

David Miliband: The hon. Gentleman raises an important point, which was the subject of a report on the economic road map to peace that the Government published just a month or two ago. Trade is critical to the future there, but it depends on security; if the hon. Gentleman bears with me, I shall come to our contribution to Prime Minister Fayyad's plan.

Jeremy Corbyn (Islington, North) (Lab): Will the Foreign Secretary give way?

David Miliband: If I may continue, I shall come back to my hon. Friend in a minute.

I said that I thought that we had an opportunity now that did not exist before. Condoleezza Rice, the American Secretary of State, has visited the region seven times this year. The Arab states are committed to the Arab peace initiative, while the EU action plan has united European opinion behind the Annapolis meeting and practical support for its aftermath. The UK is determined to play its part, politically, economically and on security, which relates to the point that the hon. Member for East Devon (Mr. Swire) made. We will help to address Israeli security fears through support for Prime Minister Fayyad's security

plan. We will also help to address Palestinian misery, through nearly £32 million in aid, including support for schools, clinics and basic services. We shall work with all those committed to peaceful means to advance a two-state solution.

Jeremy Corbyn: I thank the Foreign Secretary for giving way. Does he not realise that, all the time we are talking, more and more settlements are being established on the west bank, more and more Palestinians cannot move around, and more and more of them are living in poverty? While I absolutely and totally condemn suicide bombers and the killing of any civilians, the reality is that more Palestinians have died as a result of Israeli bombardments, that more people are dying as a result of poverty and a lack of health care, and that we—or, if not we, the world—are imprisoning the people of Gaza in a ghastly situation. It is a powder keg waiting to go off unless a serious effort is made to bring about the recognition of a Palestinian state.

David Miliband: I concur with my hon. Friend's concluding comment that the only answer to this dangerous situation is a two-state solution, although I have to take issue with him on a number of other points. Gaza was sealed off as a result of the murderous attempted coup by Hamas in June; it is important to be clear about that. I do not think that we should be in the business of weighing up Israeli deaths from suicide bombings with Palestinian misery; they are two sides of the same coin and they need to be addressed together.

The suffering of the Palestinians is used to support a narrative of terrorism and extremism globally, but the front line of terrorism in 2001 was Afghanistan, and it is again the front line today. The situation in Afghanistan is tough and dangerous, but, as President Karzai emphasized during his visit here last month, the efforts of UK, other allied and Afghan military and civilian forces are making a difference. The fighting in Helmand is tough, but Helmand is not a no-go area; in fact, British troops are driving back Taliban forces. The Afghan army is not at full strength, but 40,000 Afghan soldiers have been trained and equipped to fight alongside international forces. Afghanistan is very poor, but last year the legal economy grew by 8 per cent. Afghan health and education services are very basic in some places but, since 2001, the number of functioning health clinics has risen by 60 per cent., 2,000 schools have been built or repaired, and 5 million children are now at school—more than a third of them girls. Drug supply in Helmand is rising fast, but 13 provinces are now poppy free.

The next steps are to work with key allies on the big issues: promoting good governance, marginalising extremists, establishing better co-ordination on the borders and among the international forces, developing local civil leadership, and, of course strengthening security. The Prime Minister will say more on this in the House next month.

Paul Flynn (Newport, West) (Lab): Lord Malloch-Brown said that the best way to deal with this situation would be to crack down on the three main drug barons. One is a relative of President Karzai and two are provincial governors. Does the Foreign Secretary really think that there is a practical chance of the Karzai Government cracking down on themselves?

David Miliband: I will say two things to my hon. Friend. First, I wish it were as simple as there being only three people responsible for drug production in Afghanistan. Secondly, President Karzai is the elected leader of the Afghan people, and there are good reasons for understanding the support that he has in the community. There are also good reasons for the international community being absolutely clear about taking action against corruption and in favour of good governance. We must be clear about what we expect from the Afghan Government, but it is up to them to deliver. Some of the actions that President Karzai has taken recently have contributed towards that goal.

Mr. Tobias Ellwood (Bournemouth, East) (Con) *rose—*

David Miliband: The hon. Gentleman has a special interest in Afghanistan and, on that basis, I am happy to give way to him.

Mr. Ellwood: The Foreign Secretary paints a rosy picture about what is happening in Afghanistan. I agree with what he says about health and education, but I am afraid that we are not able to contain what is going on with the Taliban and we are not seeing the necessary co-ordination between the international bodies. I am afraid that the Karzai Government are seen more and more as being corrupt. Unless we, as part of the international body, recognise what is going on in Afghanistan, I would give the country only a couple more years before it implodes. We need to look at this matter seriously. To start with, we need one central co-ordinator to unify the operations being undertaken by the United Nations, the USA, the Department for International Development and the European Union. Until that happens, we shall be on a losing wicket.

David Miliband: As I said, the hon. Gentleman has taken an interest in Afghanistan. Given the litany of problems that we are discussing, I do not think that anything that I have said could be judged to have painted a rosy picture. I referred to international co-ordination, and there is an essential need for the present UN representative—who leaves in February—to be replaced by a figure who can not only command respect but rally the different international forces. I believe that he will find a lot to agree with in the work that is being discussed with the Afghan Government. In the end, this process has to be Afghan led and international community supported, rather than the other way round.

Willie Rennie (Dunfermline and West Fife) (LD): The Foreign Secretary mentioned border security. Given the current climate of troubles in Pakistan, what kind of co-operation is there with the Pakistan Government?

David Miliband: The hon. Gentleman raises an important question. It is a 2,600 km border and, as I said last week, 90,000 Pakistani border police are there.

[David Miliband]

We have seen no change to their deployment in the last eight to 10 days of the Pakistani emergency, but we are obviously watching the situation very carefully.

The operations in Afghanistan, and also in Kosovo, are test cases for the new NATO that we want to see. This April, allies will meet in Bucharest to agree means of further transforming NATO to meet the needs of the 21st century, to improve the way it works with other organisations, to integrate civilian and development efforts with military activity and to build more flexible, deployable and sustainable forces.

The Government will be active in building democracy in the middle east, active in countering terrorism in Afghanistan and active in countering nuclear proliferation, not least in the debates this and next month on Iran. Last June, along with our E3 plus 3 partners, we gave Iran a clear choice: join the international community in limiting the proliferation of nuclear weapons and reap the economic and technological benefits, including for civilian nuclear power; or promote proliferation and suffer isolation. Dr. el-Baradei and Dr. Solana will report on Iran's progress later this month. Unless those reports are positive, the E3 plus 3 Ministers have agreed to seek a vote on a third UN Security Council sanctions resolution. That strategy is agreed across the international community. Meanwhile the EU is considering further sanctions. This is the right strategy to ensure that Iran can take its place as a respected member of the international community while also defending the integrity of the non-proliferation treaty.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): The Foreign Secretary mentioned Kosovo, but just in passing. May I encourage him to accept that part of his job is not simply to deal with existing crises, but, along with our allies, to anticipate what may be a future crisis? Within the next month, a very serious crisis could arise about the status of Kosovo. We must try to learn the lessons of Bosnia: if the United States and the countries of western Europe do not try to reach a common position in advance and stick to it on both sides of Atlantic, then Kosovo, which is already a very difficult matter, could become incredibly worse.

David Miliband: I completely share the right hon. and learned Gentleman's position. As it happens, that issue comes a page or two later in my speech. I wanted to say that we need to find time for the House to discuss the conclusions of the troika mission, which concludes on 10 December. The Government have been meeting the Unity team from Kosovo, the Serbian Foreign Minister—and the Greek Foreign Minister, who was here last week. I believe that the following points could be shared ground between us.

First, all sides have responsibilities during the current 120-day troika process. Secondly, we must keep open the long-term prospect that EU membership will be open to Serbia and to Kosovo as an incentive for their behaviour. Thirdly, we must continue to maintain international unity on the issue, but not at the price of a Russian veto on any decisions. Fourthly, the EU has major responsibilities in this area, not just in the traditional aspects of foreign policy, but in the deployment of a European security and defence policy mission into Kosovo. Fifthly, the Ahtisaari plan, in which 14 to 15 months of careful work were invested, provides the right basis if further compromise cannot be found by the troika over the 120-day period.

The right hon. and learned Gentleman might have seen the article I wrote with the French Foreign Minister saying that while additions to the Ahtisaari plan—Ahtisaari plus, if you like—should be on the table, we cannot compromise on the basic principles that Ahtisaari accepted. I completely understand his point that the matter requires further and detailed discussion in the House. The Minister for Europe and I are keen to have such a debate—*[Interruption.]*

Mr. Swire *rose—*

Mr. Denis MacShane (Rotherham) (Lab) *rose—*

David Miliband: I really must make some progress. I looked up last year's debate and I know that the right hon. Member Richmond, Yorks (Mr. Hague) spoke for about 36 minutes. I do not want to overdo my stay here. Although I am delighted to have many interventions on various topics, hon. Members might also want to discuss the European reform treaty when we come to it. I want to save up my right hon. Friend the Member for Rotherham (Mr. MacShane) for the appropriate moment. Does the hon. Member for East Devon have a really pressing point?

Mr. Swire: I am extremely grateful to the Foreign Secretary. Further to the comments of my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind), when the Foreign Secretary discusses Kosovo, will he ensure that he does not ignore the situation in Republika Srpska and in Bosnia itself, as it is beginning to deteriorate quite seriously?

David Miliband: The hon. Gentleman raises an important point. I cannot do justice to it now, but the short answer is yes.

Mr. MacShane: Very simply, the Foreign Secretary referred to not being faced down by a Russian veto, but will he also give an indication to the House that any veto by one or two smaller European states will be unacceptable, as Kosovo's conditional independence under the Ahtisaari plan is surely the only way forward?

David Miliband: There have been encouraging signals from the successive discussions at every Foreign Affairs Ministers' meeting that I have attended over the past three or four months. I think that we can build proper European unity.

In all these areas, there is an international coalition of which Britain is a leading member. In three countries marked by repression and destruction, when they should be marked by development and progress, there is also international consensus that needs to convert pressure into action. In Zimbabwe, the suffering of Zimbabweans of all races is the direct result of President Mugabe's misrule. The next step is the imminent announcement of the conclusion of the

Southern African Development Community's mediation role. We will be looking to see how commitments by the ZANU-PF party to level the playing field for next year's elections are translated into real improvements in democratic governance on the ground, because it is only through genuinely free and fair elections and an end to political violence that Zimbabwe will be able to start back on the road to recovery.

In respect of Darfur, we have a UN resolution for the African Union-UN peacekeeping mission, but there are problems translating it into troops on the ground. There are peace talks, but not all the parties are engaged, and the comprehensive peace agreement, which ended 20 years of war in southern Sudan, is under pressure. We are working with the UN and allies to overcome impediments to action and to promote security, political reconciliation and economic development.

Finally, in Burma we await this week the report of Ambassador Gambari to the UN Secretary-General. Aung San Suu Kyi's first statement to the world in four years will have been encouraging to the whole House. The release of some prisoners to meet her is also welcome, but those are only the first steps towards genuine national reconciliation and democratic rule, and the road to what Aung San Suu Kyi has called "meaningful and timebound dialogue" is the only basis on which the international community could be convinced that the Burmese regime is serious.

I say in all candour that on all the issues that I have described, the coalition of international support, of which the Government are a leading member, is strengthened by all-party support in the House. That is why I read the shadow Foreign Secretary's party conference speech with interest. I have to say that I thought it was a bit odd that Iraq merited 19 words, Afghanistan 18, Iran four, and Kosovo and the middle east peace process none at all, compared with 640 on the European reform treaty. However, I was willing to be charitable because he used his speech to raise the standard for something that I think he and the shadow Secretary of State for Defence believe in—it is what the right hon. Member for Richmond, Yorks called "humanitarian intervention". He promised

"to uphold our highest values of promoting human rights, economic liberalism, political freedom"

and concluded with the rallying cry that

"very little matters more than a Conservative foreign policy unceasing in our efforts to make a better world".

I believe that he was sincere.

However, last week there was a different and opposite message. The Leader of the Opposition explained to a German audience that liberal conservatism is the opposite of humanitarian interventionism. The word he used twice to describe how he believed Britain should engage on the great international issues is a familiar one—the word is "sceptical". He knocked down a straw man about building utopias, but also sent a clear message—that there would be not just isolation from Europe under the Leader of the Opposition, but introspection on the great causes facing the world. I hope that the right hon. Member for Richmond, Yorks will reiterate his commitment to humanitarian intervention and to a vision of Britain that rejects the lazy cry, "It has nothing to do with us," because in the modern world, it does.

Tonight at the Guildhall the Prime Minister sets out our agenda. Labour Members know that our shared planet faces shared problems and needs shared solutions—in the UN, the Commonwealth and the European Union. When we joined the EU in the 1970s, there were six members. Now there are 27. Europe has changed for the better. It is the biggest single market in the world. It has decent social rights. It sets high environmental standards. It is a force for good on its troubled borders, although we have to ensure that the last piece of the Yugoslav jigsaw in Kosovo is properly settled. The European Union also needs serious reform.

This is the parliamentary Session in which we can end the institutional navel-gazing in respect of the European Union, and proceed with the drive for Europe to engage with global problems. The European reform treaty will amend the way in which Europe works. The weight of United Kingdom votes in the Council of Ministers will go up, not down, and I cannot believe that anyone in the House objects to that. The treaty also cements enlargement and paves the way for more in the future, including Turkey. I thought there was cross-party agreement on that.

Andrew Mackinlay: I do not agree with it!

David Miliband: Cross-party agreement, not intra-party agreement.

The treaty will cut the number of Commissioners. Not only will there be nine fewer of them, but there will be nine fewer teams of officials supporting them, nine fewer official cars, and nine fewer expense accounts. Does anyone seriously object to that change? We will also replace the six-monthly merry-go-round of the changing presidency with a full-time chairman of the European Council, appointed by Heads of Government and accountable to them. Surely that is common sense.

Mr. Greg Hands (Hammersmith and Fulham) (Con): Will the Secretary of State say something about the European Union high representative for foreign affairs? Will he disown the comments of his colleague Lord Malloch-Brown, who said that the EU was heading for a single seat in the United Nations and that he hoped

"it will happen as quickly as possible",

or does he agree with them?

David Miliband: The United Nations is certainly not heading for a single European seat on the Security Council; it is heading for a continued United Kingdom seat and a continued French seat. The hon. Gentleman will be pleased to know that the reform treaty bolts down those commitments. I am sorry that he has signed an early-day motion not just calling for a referendum after ratification but rejecting the treaty—rejecting fewer Commissioners, rejecting the reforms of the way in which the European Union works, and rejecting greater weight for United Kingdom votes.

Mr. Simon Burns (West Chelmsford) (Con): Will the Foreign Secretary now answer the question posed by my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands)? Does he agree with Lord Malloch-Brown?

David Miliband: I do not agree with any suggestion that the United Kingdom should give up its seat on the United Nations Security Council. More important, it is the policy of the Government not to give it up.

There are also significant things that the treaty does not do. As Giuliano Amato, deputy president of the European Convention, has said:

"If someone in the UK is calling for a referendum, that is not because the text we have in front of us is a Constitution."

The German Conservative President of the European Parliament, who is from the sister party of Conservative Members here, has said:

"Since making the Charter legally binding and extending Community competence to JHA were two of the most important features of the original constitution, the deal struck by Tony Blair in June means that—for better or worse—much of its substance will simply not apply"

in the United Kingdom.

Let me say more about what the treaty does not do—about the myths that are simply that, myths. First, the treaty contains an explicit, legally binding guarantee that the UK's existing labour and social legislation will be protected. A legally binding protocol states that

"the Charter reaffirms the rights, freedoms and principles recognised in the Union and makes those rights more visible, but does not create new rights or principles".

A legally binding document also states:

"The Charter does not extend the ability of the Court of Justice of the European Union... to find that the laws, regulations or... provisions... of the United Kingdom are inconsistent with... fundamental rights".

It is worth noting the CBI's statement in its lobby briefing that the commitments secured by the Government mean that it is time for us to move on to other big policy issues rather than becoming bogged down in this one.

Secondly, the treaty extends our existing right to opt into co-operation on visas, asylum and migration to cover co-operation in police and judicial processes. It is right for the UK to decide what is in our interests, and to opt in where we want to and not opt in where we do not.

Michael Connarty: Could the Foreign Secretary add something to the reply given by the Prime Minister when he returned from the Council meeting? I asked whether the Prime Minister could guarantee that any Bill that was presented would include clear provisions allowing the House to discuss, and voice its opinion on, where we should and where we should not opt into matters that would be ruled on by the European Court of Justice and the Commission, and would no longer be in the jurisdiction of the UK courts.

David Miliband: The new treaty creates rights for this Parliament for the first time in a range of areas. As for the so-called passerelle clause—which the right hon. Member for Richmond, Yorks described as the "ratchet" clause, although it has a lock from every country and a lock from every Parliament—the Prime Minister has said that he wants Parliament to have not just scrutiny powers, but decision-making powers to be used on the Floor of the House. If there are specifics in respect of the Prime Minister's reply or the specific issue of JHA, I will be happy to go into them in detail. My hon. Friend's Committee is no doubt looking at them.

Thirdly, the treaty makes explicit the independence of our foreign and defence—

Mr. Vara: Will the Foreign Secretary give way?

David Miliband: The hon. Gentleman should let me carry on because I need to make some progress.

There is a legal lock that says that unanimity will remain the rule for setting the common foreign and security policy. The treaty makes clear and stark the limits on European Court of Justice jurisdiction and it includes, for the first time, a guarantee that national security is the sole responsibility of the member states. Fourthly, we have a strengthened veto on social security.

Fifthly, and this was a concern not only of my hon. Friend's Committee, but of the Select Committee on Foreign Affairs, there is no question of the treaty forcing Parliament to do anything—the famous debate about the word "shall". There is no requirement on this Parliament from any other body to decide how it does its business. That is a matter for this Parliament, but there are rights for this Parliament that we should use.

Mr. Christopher Chope (Christchurch) (Con): How is what the Foreign Secretary has just been saying consistent with what is happening on the Galileo project? Has he seen today's devastating report from the Transport Committee, which shows that, on that project, this country is being outmanoeuvred and our veto is being circumvented by the European mafia who wish to impose that project on us at tremendous cost to the taxpayer?

David Miliband: I am afraid that I have not read the report of the Transport Committee, but I look forward—*[Interruption.]* It was on the "Today" programme, but we try not to make policy on the basis of that programme. I am happy to look into the issue that the hon. Gentleman raised.

Mr. Vara: Will the Foreign Secretary give way?

David Miliband: With all due respect, the hon. Gentleman has already had one go and I have been speaking for too long probably.

In each and every area where we promised to secure our red lines, they have been secured. *[Interruption.]* I am sorry, but I defy the Opposition to come up with one area in which the red lines have not been secured: the opt-in on every aspect of JHA, the independence on the common foreign and security policy, the veto in respect of social security. The Opposition do not have any argument. They have a series of myths.

Mr. Hands *rose—*

David Miliband: I cannot resist giving way to the hon. Gentleman.

Mr. Hands: Clearly the right hon. Gentleman has not read the report of the European Scrutiny Committee, which looked at the red lines in great

detail. The Chairman of the Committee, who is here now, said that one of the red lines, that on justice and home affairs, will "leak like a sieve". The right hon. Gentleman needs to start reading the reports published by our Committee and to examine the issues, because all his red lines are severely frayed and the one on justice and home affairs has been practically erased.

David Miliband: I have read that report; I just have not read the report of the Transport Committee. As the hon. Gentleman should know from the very long discussion that we had about this, we have the right to opt in to every single area—those aspects of the existing third pillar and those aspects of the first pillar and any amended aspects on justice and home affairs—on the basis of what is right for the United Kingdom. Therefore, it is not right to suggest otherwise. As we go through further debate in the House, we will be able to see that.

In many areas, the treaty constitutes less change than previous treaties. On the Single European Act 1986, with its blueprint for the single market, the treaty of Maastricht in 1992, with the famous EMU, or economic and monetary union, and the less significant treaties of Amsterdam in 1997 and Nice, we never held a referendum to approve changes to the functioning of European institutions. Here is why:

"Only in a country with a strong Parliament is there genuine representative democracy; only with a strong Parliament is government genuinely accountable; only with a strong Parliament is political decision making both robust and sensitive, and only with a strong Parliament do the people of that country have a say in the decisions that affect their lives."

That is not me speaking. That is the right hon. Member for Richmond, Yorks speaking in 2000 at the launch of his own Commission to Strengthen Parliament.

Mr. Vara: Will the Foreign Secretary give way?

David Miliband: I suggest that the hon. Gentleman waits a moment.

There is something else that the right hon. Gentleman, who speaks for the Opposition, said. In a book that deserves wider sales, entitled "Speaking with conviction"—not to be confused with another Conservative central office publication "Dealing with convictions" by Jonathan Aitken and Lord Archer—

Mr. Keith Simpson (Mid-Norfolk) (Con): Very funny.

David Miliband: I suggest that the hon. Gentleman contains his enthusiasm for a moment.

On page 90, under the heading "The relationship between government and the people", the right hon. Gentleman said in 1998:

"Democratic accountability is under threat—paradoxically—from the Government's regular use of referendums".

That is the right hon. Gentleman saying that the threat to the United Kingdom constitution does not come from Brussels. It comes from precisely the referendum that he is now advocating. The man demanding a referendum today, the man who says that only a referendum can save the nation state, the man who says that a referendum is necessary to restore faith in politics and the man who said in his party conference speech that he wanted a referendum on every transfer of competence, however small, turns out to be the same man who, in 1992, voted against a referendum on Maastricht and who said in 1998 that the greatest threat to our democracy was the use of referendums. It is not speaking with conviction; it is bathing in opportunism that the right hon. Gentleman is guilty of.

The Opposition can run away from their principles, but they cannot run from their record and I look forward to the debates on the Bill to show just how hollow and contradictory their position is today.

Mr. Kenneth Clarke (Rushcliffe) (Con): I agree entirely with the Foreign Secretary's remarks about the referendum and strengthening Parliament, but will he explain why the previous Prime Minister, who I always thought had held those views, committed himself and his party to a referendum on this subject? Will the right hon. Gentleman say in terms that never again will such an arrangement be entered into with Rupert Murdoch or anybody else by any Labour Prime Minister?

David Miliband: The former Prime Minister, if I quote him correctly, said before the general election that the importance of the referendum on the treaty was not because of its constitutional status, but because he wanted to "clear the air". *[Interruption.]* Hon. Members can go back and look at the quotation from *Hansard*. If the right hon. and learned Gentleman wants to say that referendums should be used only for shifts in the fundamental balance of constitutional power—I think he would accept that the euro, for example, should be the basis for a referendum—I certainly agree with him. This treaty does not match that standard.

In 10 years, Britain has gone from the impotence of the beef ban in the European Union to leadership on energy and climate change; from cheapskate pariah in international development to acknowledged leader; from marginal actor in the great global debates to central player. Now is not the time for Britain to retreat from the world. In the EU, in the UN, in the Commonwealth and in our relationship with the US, our voice is strong and our message clear. As long as this Government are in office, so it will continue to be so.

4.22 pm

Mr. William Hague (Richmond, Yorks) (Con): Mr. Speaker, may I begin by echoing what the Foreign Secretary said about the dedication, often bravery, and sometimes loss of life of people working in government service? May I also give him firm support for what he has said about recent developments in Pakistan? It is right that the international community should demand elections to be held on schedule, the separation of the presidency from the command of the army, the release of political detainees and an early end to emergency rule.

It is obviously welcome that President Musharraf has taken one or two steps in the right direction in recent days, although elections held by 9 January will lack credibility unless opposition activists are out of jail and able to speak freely well before that date. We hope, as the right hon. Gentleman hopes, that today's Commonwealth meeting and the forthcoming Commonwealth conference will add to the pressure on the Government of Pakistan to make this possible.

[Mr. William Hague]

It will be no surprise to the Foreign Secretary that I agree with the tone and general direction of much of what he had to say, although one would never have thought that it was the speech of someone who thought we talked too much about Europe. Like him, we recognise that these are important days for the long-stalled middle east peace process. We support, as he does, the vision set out in the road map of a Palestinian state alongside Israel, both at peace, both prosperous and neither threatening the other's security. The conference in Annapolis later this month is the best opportunity in years to relaunch negotiations on a final settlement and we trust the Government will use British standing and relationships to the full to urge the fullest possible support of, and attendance at, the conference.

We await with interest the Prime Minister's speech on international affairs this evening. The Foreign Secretary will forgive my hon. Friends and me for waiting to see whether all the varied comments of Lord Malloch-Brown have been incorporated into the text. The noble Lord has described himself, modestly of course, as the

"wise eminence behind the young Foreign Secretary."

It must be so comforting to the Foreign Secretary to have that presence. He has said today in defence of his colleague that we must judge him by his actions rather than his words, which is what we all say about people who have made a string of verbal blunders. Unfortunately, according to *The Sunday Times* "Gordon" will not be brave enough to sack him, which is all too believable after all the other things the Prime Minister has not been brave enough to do over the last few weeks, including calling a general election.

The challenges of foreign policy are now such that there is vast scope, even where we agree, for the discussion and scrutiny of Government policy. Parliamentary accountability and scrutiny of foreign and defence policy are no bad starting points for this debate. The Government consultation paper on limiting Executive power over war powers and treaties is most welcome—we called for it in an Opposition day debate earlier this year—but of comparable importance once a conflict is under way is Parliament's ability to scrutinise its conduct, so far as the need for secrecy in military operations allows. The Government should now set an example by improving Parliament's ability to hold regular and informed debates on those conflicts where our troops are engaged in theatres of war. We have called for, and I call for again today, regular quarterly statements to Parliament on Iraq and Afghanistan, accompanied by the Government's definition of the military and political objectives in view, and our success, or otherwise, in meeting them. As things stand, the US Congress receives far more extensive evaluations and reports, and can hold far more informed debates on a regular basis than is possible in our Parliament. That the Prime Minister made a full statement on Iraq last month and is expected to do so on Afghanistan next month is proper and welcome, but when so much of our foreign policy, our national reputation and, above all, the lives of our servicemen and women are at stake, parliamentary scrutiny should be extensive and habitual, not limited and sporadic. I hope Ministers will commit themselves to such regular scrutiny as part of the constitutional innovations the Prime Minister is fond of proclaiming.

The issue of scrutiny inevitably brings me back to a subject we have debated on several occasions in the last year and more: the need for a high-level and independent inquiry into the origins and conduct of the Iraq war. On the most recent occasion that that was debated in this House—11 June—Ministers accepted the principle of an inquiry, but insisted that the time to commence it was not yet. It will be important to revisit the subject in this Session, for recent events mean that the arguments for delaying the inquiry that we now all agree is necessary are shrinking by the day. By the end of this Session, important decisions made in the run-up to the war will be seven years distant, and it will soon become impossible for the events and discussions of those times to be recreated. By that time, too, only a small number of British troops—or a relatively small number, compared with the previous deployment—are expected to remain in Iraq and they should be in an overwatch role. In the meantime, memoirs, lectures and diaries of the time multiply, and often give controversial but incomplete assessments. It seems to me, therefore, that if we are ever to have a serious inquiry—which is so important to understand how we can improve the machinery of government, how mistakes made in Iraq can be avoided in Afghanistan, and how our troops can best be used in the future—it must begin sooner rather than later. If the Government do not grasp this issue and make their own proposals, it will return—and to their cost.

Let me turn from accountability to the substance of what is happening in the theatres of war. The operations in Afghanistan remain one of the most challenging tasks NATO has ever taken on. Our troops have done an outstanding job there, always prevailing militarily in some of the most difficult terrain on earth, but unless there is a strengthened and better co-ordinated drive to deliver long-term strategic success in Afghanistan, those hard-won tactical successes will ultimately have been in vain. Some of the mounting difficulties are apparent: Taliban attacks have increased in scope; public support for the Afghan Government appears to have diminished; the contribution of NATO forces, even by some allies who have been highly present and active in recent years, is in doubt; and proceeds from drug trafficking are fuelling the insurgency. Do Ministers think there is a case for an immediate high-level independent assessment of the state of Afghanistan, similar to the Iraq Study Group in the United States, in order to acknowledge publicly that state of affairs and the need for reform? With or without such a study, we have been advocating for more than a year the appointment of a senior co-ordinator of the international effort in Afghanistan approved by the United Nations, the European Union and the United States, with a clear mandate to lead the aid effort on the ground and non-military aspects of the mission there. Has not the need for that now become urgent?

Do we not need also a renewed effort to bring together the different military commands in Afghanistan and to remove more of the national caveats that lead to differing tiers of commitment from NATO forces there? I hope that the Government will be able to tell us more, perhaps in the Defence Secretary's winding-up speech, about

what role the UK is now playing in the counter-narcotics strategy in Afghanistan, since we are no longer designated as lead nation. What alternative approaches to combating the spread of poppy cultivation are being thought about, evaluated or piloted? The problem is immensely difficult, but we cannot give up on it.

Many more of our soldiers, of course, are now deployed in Afghanistan than in Iraq. We have supported the troop reductions in Iraq announced by the Government and we expect to support further reductions, although we hope that future announcements will be unencumbered by spin, double counting or any search for political advantage. The anticipated handover of Basra province to Iraqi forces is of course welcome, but there are, naturally, important questions about the role of our remaining forces in their overwatch capacity. Who will assess when the Iraqi army is capable of operating without British support? In what circumstances would our forces be redeployed, and will the remaining forces be able to protect themselves in all eventualities?

Beyond the involvement of our own forces, we have a continuing responsibility to do all we can to assist the overall strategic position in Iraq. The progress made towards national reconciliation by the Government of Mr. Maliki is disappointing, and I hope that Ministers will intensify the pressure on Iraqi Ministers to make the necessary progress.

Mr. Ellwood: Although we are no longer in the headlines because we have withdrawn back to the airport, does my right hon. Friend agree, first, that we should pay tribute to the 4th Battalion the Rifles, which is part of 1 Mechanised Brigade and which has returned to the airport, and also that, although they are not in the headlines over here, the ever-present dangers have not gone away? The Mahdi army, for example, runs rife, and the police do not have people's respect. The situation in Basra has not changed at all and people are now pointing back at the period between 2003 and 2004, that critical window of opportunity when the Department for International Development failed to get involved with the peacekeeping and reconstruction development that should have happened. That led to the current situation.

Mr. Hague: My hon. Friend is right to pay tribute to the forces involved, and again I do that on behalf of the Front-Bench team. He is right to say that there must be no complacency. He has made the point about the specific situation in Basra, and I make the same point about the situation in Iraq overall: we have our responsibility to the overall strategic situation. Last year, responding to the Baker-Hamilton report, we called for the creation of an international contact group—a formal group with a permanent secretariat to ensure continuous international co-ordination on the crucial issues facing Iraq. The idea has not been taken up and much time has been lost. Beyond the periodic meetings of representatives of neighbouring countries and the major powers to discuss Iraq, there is no long-term strategy of political support for the Iraqi Government or their security forces.

The difficulty of the issues in Iraq is now rivalled by the dangerously destabilising policies of the Government of Iran. I had hoped that the Foreign Secretary would say more about Iran. A new Security Council resolution on Iran is now six months overdue, as the last one expired in May. That resolution stated clearly that Iran must

"suspend all enrichment-related and reprocessing activities",

but since then Iran has continued to install, test and feed nuclear material into its centrifuge facility and has reached, or is thought to be close to reaching, the threshold of 3,000 centrifuges. The US Under-Secretary of State Nicholas Burns referred a few weeks ago to

"an agreement that we have with the P5 of countries...made on September 28 in New York...if there is not substantial progress by the middle of the month of November... there will be a third Security Council resolution."

Mr. MacShane: Does the right hon. Gentleman agree that Iran has legitimate reasons for wanting nuclear weapons? That is the official position of the Conservative Muslim forum, headed by Lord Sheikh in the other place.

Mr. Hague: No, I do not agree with that. Anyone who has listened to anything that I have ever said could not possibly think I agreed with that in any way. Iran is in breach of the non-proliferation treaty and of all the agreements and commitments that it has ever entered into, so I do not agree with the quote that the right hon. Gentleman mentions.

I hope that the new Security Council resolution will include a ban on new arms sales to Iran, more effective steps against those involved in its nuclear programme and action to tackle the Iranian Revolutionary Guard Corps. Conservative Members continue to argue for much tougher action by European nations—peaceful, multilateral and legitimate action—to place Iran under economic pressure, which, difficult though it may be, is necessary to reduce the chances of others taking far less peaceful action in the future.

The advent of the Sarkozy Government has seemed to be a major opportunity for Britain and France to drive this agenda forward together, but it must be said that the October meeting of EU Foreign Ministers appears to have been a wasted opportunity, finishing merely with an agreement to

"consider what additional measures might be taken in order to support the UN process".

Is it not time for an energetic effort by the British and French Governments to secure EU agreement to implement sanctions parallel to those of the United States, banning certain Iranian banks from our financial system and progressively cutting export credit guarantees?

Jeremy Corbyn: Does the right hon. Gentleman think that in this process concerning Iran it would be a good idea to open a dialogue with all sections—I stress "all sections"—of Iranian society in order to build some degree of confidence and, we hope, peace in the future? Does he share my concern that all the talking being done by him and many others leads us inexorably towards the same kind of crisis we faced in 2003, when we ended up bombing Iraq? That has resulted in 500,000 people dead.

Mr. Hague: We are certainly in favour of dialogue at all times, but the strong, peaceful action that I am advocating is essential in order to avoid military confrontations in the future. The way to avoid the

[Mr. Hague]

future crisis is through strength now rather than weakness now—that is the choice now facing Europe and the rest of the world. I hope that Ministers can explain which European Governments are opposing the type of initiative that I have been describing. Since the French Government have said that they are advising French energy companies not to invest in Iran, will Ministers confirm that the British Government are now doing the same?

I hope that Ministers will also be able to elaborate on the specialised teaching or training of Iranian nationals in the UK in disciplines that might contribute to Iran's nuclear programme. I was told by the Foreign Secretary's predecessor:

"A voluntary vetting scheme is...in place".—[*Official Report*, 4 June 2007; Vol. 461, c. 238W.]

However, it was said that a "mandatory scheme" would be introduced "at the earliest opportunity." Why therefore do we learn, five months later, that 60 Iranian nationals have been granted places at British universities to study advanced nuclear physics and engineering in this year alone? Given that European sanctions are already clear that states must

"prevent specialised teaching or training of Iranian nationals within their territories...of disciplines which would contribute to Iran's proliferation sensitive activities",

is it not time for the Foreign Office and others to pull their fingers out and get this mandatory scheme in place?

The subject of Iran brings us naturally to the matter of human rights around the world, as the human rights record of the Iranian Government is truly appalling. I would not want this debate to take place without bringing to the fore the torments of the people of three quite different nations—the very three mentioned by the Foreign Secretary—whose Governments are grievously at fault when it comes to respecting the rights, liberties and lives of their subjects.

One of those countries, of course, is Burma, which we debated in this House only two weeks ago. I will not cover all that ground again, but I repeat the request that I and my hon. Friend the Member for Sutton Coldfield (Mr. Mitchell), the shadow International Development Secretary, made in that debate. We ask that the EU tightens targeted sanctions against the military regime, and that the UN Secretary-General, Ban Ki-moon, demonstrates the huge importance attached to this issue by the international community by going to Burma himself to demand talks between the regime and opposition leaders without the farcical normal preconditions.

A second country at fault is Sudan. The adoption at the UN Security Council of resolution 1769 in July mandating a 26,000 strong hybrid peacekeeping force by the end of this year was a major step forward, on which all the Governments involved are to be congratulated. But Ministers will be aware that momentum has seriously stalled since then, with a sharp increase in attacks on peacekeepers and relief workers.

The latest report from the UN Secretary-General warns that the deployment of the peacekeeping force is being delayed because of such problems as obtaining land for the construction of offices and feedback regarding the list of troop-contributing countries submitted to the Government of Sudan. Bringing peace to Darfur is no easy matter, and the refusal of many of the rebel groups to attend the peace talks in Libya clearly demonstrates that, but this country and others must prepare to step up the pressure if necessary, including implementing further sanctions against members of the Sudanese Government and rebel leaders; implementing a UN arms embargo to cover the whole of Sudan; and looking again at the possibility of a no-fly zone over Darfur. If such things are not done, how many more innocent people will die in Darfur and how many more global days for Darfur must there be?

The third great offending nation in our mind at the moment is Zimbabwe. We cannot know how long a political system will survive with inflation at 13,000 per cent.—or whatever it may now be—and shop shelves empty, but I put it to the Government that we should be preparing now for the day after Mugabe, when Zimbabwe may be plunged into a period of change and uncertainty. That preparation should include a clear package of international assistance that would follow as soon as a new Government, committed to democratic reform, are in place. That assistance should include help with the restructuring of the army and police and the disbanding of paramilitary groups, and readiness to supply humanitarian assistance.

In the meantime, international efforts to place pressure on Mugabe and his odious regime are pathetically ineffective. We all understand that the ability of our country on its own to influence these events is very limited, and we certainly support the stand that the Prime Minister has taken on attendance at the EU-AU summit, but is it not a shocking failure of responsibility by the European Union that Mugabe has now been invited to the Lisbon summit next month, notwithstanding the Prime Minister's objections?

Mr. Richard Benyon (Newbury) (Con): Does my right hon. Friend agree that it was very disturbing to read about the last British Airways flight from Harare? It seems that the only people who could afford a plane ticket were those close to the regime who were coming here to do business or to see members of their family who are studying here or using our health service. Should not the Government do more to ban a wider group of people who are close to that evil regime, to put pressure on them to bring an end to Mugabe's rule?

Mr. Hague: I agree with my hon. Friend that there are people who should be added to the reserve list and banned from the EU. But what is the point of having a banned list of individuals from the Mugabe regime who are generally refused visas to travel to Europe when the dictator himself is able to come to Lisbon and be paraded, fed and feted there? Mugabe's presence at this summit will damage the cause of development in Africa and the moral standing of the European Union. I hope that Ministers will soon explain who will represent Britain at the EU-AU summit and that they will go on to ensure that the prime responsibility of whoever it is—

Mr. Keith Simpson: Lord Malloch-Brown.

Mr. Hague: Well, it might be another job for the Minister of State, but perhaps it should be someone who watches their words more carefully. The prime responsibility of whoever is appointed to do that job should be to lay before the summit the extent of the crimes of the Mugabe regime so that a complacent gathering of national leaders can hear in detail what they currently chose to ignore.

The utter failure of EU ministers to show any collective strength over Zimbabwe is not a good advertisement for the European Union. That brings us, of course, to European Affairs. I am sure that the Foreign Secretary will agree with me that we are approaching a time when we must be extremely vigilant about developments in the Balkans—my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind) has referred to that. The future status of Kosovo remains the primary challenge for the Balkan region and we agree with the Government that the status quo there is not an option, and that UN Special Envoy Ahtisaari's comprehensive proposal represents the best way forward.

I hope that Ministers will also agree that any independence package the international community settles upon must enshrine the protection of Kosovo's minorities and a sustained international presence. Depressingly, the situation in Bosnia is also now giving rise to alarm. The recent report of the Political Directors of the Peace Implementation Steering Board said that the situation had deteriorated further, that responsibility lay with political leaders from both entities and

> "that the situation is now of the utmost concern to the international community."

It is extremely important that the international community's high representative in Bosnia is given all the support that he needs to implement measures aimed at making the country more functional, and that threats by Serbia to back the secession of the entity of Republika Srpska if Kosovo wins independence will be most rigorously resisted.

Of course, it is on European affairs that there is the sharpest differences of view across the House. The weakness of the Government's arguments is exposed by the fact that the actions of Ministers are now often characterised by embarrassment or concealment. First on the list is the European Communities (Finance) Bill, which is to have its Second Reading next Monday. It is the first piece of legislation to be presented to the House after the Gracious Speech, yet for some reason it received no mention whatever in that speech, or any previous one. Could that possibly be because it involves giving up £7 billion of the British rebate to the European Union, for nothing concrete in return—a rebate that the Prime Minister once described as non-negotiable—and because it represents a total failure of negotiation, and a betrayal of the national finances, never mind the national interest?

Second on the list is the Prime Minister's ludicrous statement at the time of last month's summit that the Government would not support further European political integration in this Parliament or the next, having just agreed to a treaty that sets up a continuing process of political integration, specifically designed to gather pace in the coming years. That is why the treaty contains a ratchet clause: so that many surviving vetoes can be abolished without any further treaty, and the positions of permanent president of the European Council and high representative in foreign affairs are designed to accrue more power as time goes on. Whether Ministers have secured their few negotiating objectives in that area is obscure. Their July White Paper said that the new president of the European Council cannot also hold the job of President of the Commission, yet nowhere in the text of the treaty is there anything to say that he cannot. There is already talk in Brussels of combining the two posts, so we would like to know whether the Prime Minister and Foreign Secretary forgot about that objective, or whether they rolled over, as they have done in respect of so many other parts of the treaty.

Keith Vaz *rose—*

Mr. Hague: I must give way to the former Minister for Europe, the author of the famous remark about *The Beano*.

Keith Vaz: I cannot understand why the shadow Foreign Secretary is against qualified majority voting, bearing in mind the fact that any analysis of the voting of the European Council shows that in the vast majority of cases Britain is on the winning side. What does he fear about extending QMV in certain areas?

Mr. Hague: I fear that the extension of qualified majority voting takes more and more decisions away from the people—not only the people of this country, but the people of the other countries of the European Union—by removing their veto, and that the progressive removal of decisions from national Parliaments and national Governments will ultimately create immense discontent with the functioning of the European Union across Europe. Our objection to that extension is therefore fairly fundamental.

Third and most prominent on the list of concealments is the Government's faltering pretence that the European treaty is not the constitution at all. In the summer recess, I tabled a written question to the Foreign Secretary, asking him to set out in full the similarities, differences, omissions and additions to the articles comprising the EU constitution and the new EU treaty. The European Scrutiny Committee produced a comparative table, and one might have thought that Foreign Office Ministers who wanted an open debate would do the same when asked to do so. Instead, the Foreign Secretary took well over a month to provide any answer at all, and then in effect refused to answer the question—that was long after Parliament had come back, so the recess is not an excuse—simply repeating instead the discredited mantra that the constitution concept is abandoned. That is an argument described by the European Scrutiny Committee as "likely to be misleading". In the words of Giscard d'Estaing on Saturday:

> "You wouldn't be honest to tell the British voters the substance of the text has changed—because the substance has not changed."

Mr. MacShane *rose—*

Mr. Hague: We were bound to get an intervention from the hon. Member for Rotherham.

Mr. MacShane: Right hon. [HON. MEMBERS: "Oh!"] The right hon. Gentleman was making a powerful case, as is his wont. He is obsessed with Europe. We remember that before the 2001 election he said that if people voted Labour, Britain would become a foreign land. I wonder if he still endorses that statement. Will he tell the House whether, with all his animadversions on the new treaty, it is now his policy that once the treaty is ratified in the House, it will be Conservative party policy to move to a referendum on it?

Mr. Hague: I am sorry not to have called the right hon. Gentleman "right hon."; I did not realise that former Foreign Office Ministers stood on their dignity as much as the current ones.

Let me say to the right hon. Gentleman that the best time for a referendum is now, so that the British people can have their promised say. If we did not succeed in forcing a referendum in this House, if we failed to win in another place, if all other EU member states implemented the treaty and if an election were held later in this Parliament—that is a lot of ifs—we would have a new treaty in force that lacked democratic legitimacy in this country and in our view gave the EU too much power over our national policies. That would not be acceptable to a Conservative Government and we would not let matters rest there; the right hon. Gentleman can be assured of that. In such circumstances—*[Interruption.]* Does the Foreign Secretary wish to intervene?

The Government's defence relies on their four so-called red lines. We look forward to debating those in great detail when the Bill is presented, but it is already clear that the foreign policy red line is not even legally binding. The charter of fundamental rights red line has already been dismissed by one of the European Court's advocates-general, the criminal justice red line leaves national vetoes abolished and, as the Government have admitted, the tax red line was only ever a bit of a con and purely presentational. In such circumstances, the Government's abandonment of their manifesto commitment to a referendum is a breach of trust with the nation as serious as any that any of us have known in modern times.

Mr. Mark Hendrick (Preston) (Lab/Co-op): The right hon. Gentleman said "we would not let matters rest there"; does that mean that we would have a referendum in those circumstances or not?

Mr. Hague: It means what it says. It means exactly what I said earlier. Let us remember that this Government promised a referendum; all political parties in this House promised a referendum before the ratification of the treaty. I shall give way for a helpful intervention from my right hon. and learned Friend.

Mr. Kenneth Clarke: My right hon. Friend has just given a helpful new statement of Opposition party policy, although it came to a rather vague conclusion. It seems to me that the alternatives are as follows: the repudiation of a treaty that this country has ratified; an attempt to renegotiate or reopen that treaty; a parliamentary process of some kind; or a referendum. May I ask whether the leadership of the Conservative party has yet taken its thoughts further down that road and decided which of those options it might be veering towards? In the past, we have always accepted treaty obligations accepted by previous Governments whenever we have taken office.

Mr. Hague: I assure my right hon. and learned Friend that there will be no veering in any direction. I assure him that if all the things that I have listed happened, there would be wide consultation in the Conservative party as we decided how to proceed.

Even from their own point of view, it is a huge mistake by Ministers not to support a referendum, because a treaty passed without a referendum will not enjoy democratic legitimacy or acceptance in this country. That is the background against which we would have to set our future policy; let me make that very clear today.

Not having a referendum is a breach of trust with the nation, based not on principle but a cynical calculation that the Government will be able to get away with treating the people of this country as fools. The Government ought to be in favour of a referendum, for without being approved in one form or another it will never enjoy democratic legitimacy in this country. Whatever one's view on European affairs, it would be better for the fate of this important treaty to be determined in a referendum, just as the only right and honourable course for Ministers who so categorically promised a referendum is to permit one to be held. When Ministers vote against a referendum they will be voting against the implementation of their own manifesto. We, and like-minded people in other parties, will be voting for their promise to be kept. The readiness and determination of the Government to break that promise, and the absence of any commitment to a referendum in the Gracious Speech, is a sufficient reason on its own to vote against it.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I remind all right hon. and hon. Members that Mr. Speaker has imposed a 12-minute time limit on Back-Bench speeches.

4.55 pm

Mr. Paul Murphy (Torfaen) (Lab): I am grateful for the opportunity to speak in this debate. I should like to talk about two peace processes to which my right hon. Friend the Foreign Secretary and the shadow Foreign Secretary referred: first, in the middle east; and, secondly, in Sri Lanka—perhaps the world's forgotten conflict. I want to tell the House how our own country can help in those processes by referring to what we did during the Northern Ireland peace process—the similarities can be helpful. On more than one occasion over the past hour or two, we have pondered how our country can help as members of the Security Council of the United Nations, members of the European Union, or whatever. It strikes me that our experiences in bringing peace to our own country can help considerably.

Every peace process is unique, but our peace process in Northern Ireland was helped by experiences in South Africa. Twenty years ago, no one would have said that today we would have solved the Northern Ireland problem. In that part of our country, 3,500

people had perished and many tens of thousands had been injured, but today the problem is solved, to all intents and purposes, although of course there are political difficulties that must be overcome. Nevertheless, it can be helpful to look back over a number of years and apply some of the principles and experiences to Sri Lanka and the middle east. First, there was and is, happily, a bipartisan approach to Northern Ireland in this country. That does not always apply to peace processes in other countries, but it is a lesson that can be learned by them. Secondly, the involvement of the United States of America and the European Union was critical to our success in Northern Ireland. Thirdly, people wanted peace—they had basically had enough and realised that no one was going to win the conflict. When the Good Friday agreement was eventually signed, subsequent agreements worked on the basis of that one. Constitutional issues were resolved, power-sharing emerged, there was the necessary parity of esteem on all sides, and policing, human rights and equality issues were addressed. Those lessons can be learned elsewhere.

Mr. Michael Ancram (Devizes) (Con): I am interested to hear what the right hon. Gentleman is saying about Northern Ireland. Does he think that if our Government, or his, had insisted that Sinn Fein-IRA recognised the legal jurisdiction of Britain over Northern Ireland, the talks would ever have succeeded?

Mr. Murphy: I have dealt with the answer to that, but I know what the right hon. and learned Gentleman is referring to. It was important that Northern Ireland's constitutional legality, so to speak, was eventually based on the principle of consent, and that after the referendum the Irish Government agreed to change their claim on Northern Ireland. Again, those areas can be looked at by comparison.

About a year ago, I visited Sri Lanka, at the invitation of its President, to examine its peace process. I saw a country that was very much affected by its relationship with our country. Norway was doing its best, in a rather thankless task, to bring people together, and there was some hope of success. However, only a week ago, the political leader of the LTTE—the Tamil Tigers—was killed in the capital in the north of Sri Lanka. That in itself might make it more difficult to achieve success. It was interesting to read recently that the President of Sri Lanka had said that the present conflict cannot be solved by military means. It would be a good start if all sides in Sri Lanka realised that. I hope that my right hon. Friend the Foreign Secretary will be able to raise the matter of this forgotten conflict, in which 70,000 people have died, with his colleagues at the Commonwealth conference. All of us will be interested to hear tonight, and during tomorrow's Adjournment debate, what our Government will suggest at the Commonwealth conference and at the United Nations.

I returned from the middle east last week, having gone there to talk about Northern Ireland. Despite the great effort that had been made by people in Palestine and in Israel, I was struck and disappointed not quite by a sense of hopelessness, but by a scepticism about what might happen in Annapolis later this year. I assume that my right hon. Friend the Foreign Secretary will go to Annapolis, and I hope that when he and the Government address the issues they will put some hope into the process. That is what seems to be most lacking.

I am confident that President Abbas and Prime Minister Olmert are deeply sincere in wanting to ensure success, not only in the United States but afterwards. I also notice that both are beset by difficulties and obstacles in their own countries. On the left, so to speak, Hamas is denouncing what might occur in Annapolis, and extreme right wingers in Israel are doing precisely the same and are suggesting that not an inch should be given. There are tremendous parallels with what occurred over 15 or 20 years in Northern Ireland, as my right hon. Friend knows. It is to the credit of President Abbas and Prime Minister Olmert that they are standing firm, and it is in our interest to ensure that we support them as best we can in their firmness of purpose.

My right hon. Friend identified issues that are very important to the achievement of success: a two-state solution, security for everybody in the region and the need to deal with Jerusalem, refugees, borders and the economy. Tony Blair is in the region at the moment, dealing very effectively with precisely those latter issues. The issues should be addressed at Annapolis. It should not be simply a vague collection of good intentions that emerges from those negotiations. Instead, there should be a hard look at the issues that need to be resolved.

The other thing that the Government are anxious to deal with is the question of other countries from the region, particularly Saudi Arabia and Syria, participating in the conference. I ask my right hon. Friend the Foreign Secretary and my hon. Friend the Minister for the Middle East to continue their efforts to ensure that Syria, in particular, attends. If those countries do not come to the negotiating table, the process will be very difficult.

Many of these processes could be helped if the United Nations was capable of solving them. Reform of the UN, certainly in how it deals with peacekeeping initiatives, is very important.

I wish my right hon. Friend and all those involved in the talks in Annapolis well. Throughout the House, no matter what our personal or political views are, we believe that the solution to the problems in the middle east is dear to the British people because of our huge involvement in the middle east for so many years.

5.3 pm

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): It is a real privilege and pleasure to follow the right hon. Member for Torfaen (Mr. Murphy). Throughout the House, we recognise his expertise on the matters he touched on and the unique perspective that his vital work and success in Northern Ireland allows him to bring to such debates. I am sure that his comments on Sri Lanka, the middle east and other issues will strike a chord throughout the Chamber.

As others have noted, Remembrance day gave us an opportunity, as Members of Parliament, to join our local communities in paying tribute to those who gave their lives on behalf of our country. When I joined the commemorations in Melrose in my constituency, I was

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struck, as ever, by the dignity of the veterans on parade and the presence of so many young people from local organisations and with their families. Some were there to see their grandparents honour their comrades or to remember those who have fallen in more recent times. We were reminded today of the professionalism, bravery and commitment of all who serve in the name of Her Majesty and our country in our armed forces and, as the Foreign Secretary and shadow Foreign Secretary acknowledged, in the Foreign Office and other Departments, too.

At Chatham House earlier this year, the Foreign Secretary made a brisk start to his new role when he collapsed the number of Foreign and Commonwealth Office priorities from 10 to three. Few of us would challenge the need to focus, or quibble with the three that he chose. We can all agree that tackling the causes and consequences of extremism, radicalism and conflict, establishing sustainable responses to climate change and building an effective European Union are central to Britain's role in the world. We can also agree that the trends in globalisation that present those challenges to us are gathering pace. Responding to them is no longer simply a matter of foreign policy, but requires proper integration with all our domestic policies. We also agree with the Foreign Secretary that influence and power around the world are changing out of all recognition. That reinforces the need for individual countries such as ours not to try any longer to deal with problems alone. Isolation from the phenomena of globalisation is not possible, and isolating ourselves from others as we attempt to confront those phenomena is also not possible, although that does not stop others trying on occasion.

Our aim, surely, in our international policies is to make the world better not only for us in this country but for countless millions of others, too. Our foreign policy has to start with our national interests, but it must be more than that. It must remain fundamental to our values as a country that we accept our responsibilities to others to promote human rights and development, to tackle humanitarian and environmental disasters, to alleviate poverty and to reduce the risk of conflict. Much of that may be common ground, but we do not always find that the policy responses achieve that level of agreement.

The risk of conflict is the most pressing challenge that we face, nowhere more so than with nuclear weapons. It may be 18 years ago this week since the Berlin wall began to come down, but the end of the cold war has not made the world a more certain or a safer place. Some strides have been taken with significant reductions in some arsenals, but the capability in the world remains terrifying and the risk of proliferation remains real, not least with the threat from Iran that has been discussed and the prospect that others in the region would follow suit if Tehran obtained a nuclear capability. We are at a crucial moment in our dealings with the Iranian regime, as the Foreign Secretary and the shadow Foreign Secretary have recognised. None of us is blind to the awful prospects if it were to acquire a nuclear weapons capability, but handling Iran requires more poise than we sometimes see in different parts of the world. The drumbeat for war in some parts of Washington has become sufficiently alarming for senior retired military figures, such as General Zinni and General Hoar, to speak out against it. We need more of that, particularly in this country. After Iraq, we must make it clear that another military conflict is not on the horizon. Our pressing need is to focus international efforts to sharpen both the sanctions and the incentives on offer, to build the diplomatic front to prepare the next, long overdue Security Council resolution and to make it clear to Iran that compliance is essential.

The situation in Iran demonstrates that we are at a perilous moment in the world. It is essential that our strategic actions as a country do not tip things in the wrong direction. Our decision about the future of our nuclear capability is critical in that respect. In seeking to fulfil our most important duty—to protect the citizens of this country—we need to take steps to reduce the risk of nuclear war occurring. We must show leadership in the west to persuade others of the need both to reduce the nuclear threat, by getting rid of more of the current global arsenals, and to reduce the headlong rush elsewhere to acquire them. We cannot create the right conditions for force reductions if we pre-empt the debate by making the decision to replace Trident now, especially when the technical considerations show that we do not have to do so until well into the next decade.

As a country, we have lost our focus on that first priority of arms reduction. We cannot afford the failure of another non-proliferation treaty review conference, as happened in 2005. We need a serious programme for 2010 and a serious statement of intent. That is why we have proposed a 50 per cent. cut in our nuclear capacity now. The rules of engagement also need to alter if we are not simply to see an escalation of nuclear tensions and the associated risks. The outcome of the 2010 talks will be the key moment to assess our future needs. This is not about postponing a decision on replacing Trident, but about making it at the appropriate time.

Another area where bad decision making will not be in Britain's interest is missile defence. The idea of protecting ourselves from missile attack is clearly attractive, but there is a great deal at stake, not least because of the way in which the United States is developing its proposals. There are already serious doubts about the technical aspects of the programme and the cost issues. They should give us pause for thought; but the failure to pursue the programme multilaterally is the most alarming and potentially the most dangerous aspect.

It is not stretching things to say that we have had very little from the Government on the matter, other than the written statement from the Secretary of State for Defence just before the recess in July. Although it gave little away, it highlighted the fact that nothing has been agreed yet in NATO, only bilaterally, between the USA and individual countries such as the UK, Poland and the Czech Republic. However, missile defence has huge consequences for our strategic defence, both as a country and as part of our key alliances. At the very least, the priority should be to agree it with our NATO partners.

We should also deal with countries such as Russia, whose hostile reaction was perhaps predictable but which can for once be understood. We are seeing a

chain reaction, with Russian threats over the future of both the intermediate range nuclear forces treaty and the conventional forces in Europe treaty. We can deprecate the Russians for those actions, but none of us should doubt their intent or the seriousness of the consequences for global stability if the threats are carried out. The growing crisis requires an urgent multilateral response. If there is not to be a multilateral approach to the issue, Britain should play no further part in it.

Our engagement in international alliances and institutions is central to how we cope—or ought to cope—with the many challenges that we face. Through our permanent membership of the United Nations Security Council, our key role in NATO and the Commonwealth we have responsibilities to work with others to tackle the many issues already raised today—the ongoing crisis in the middle east, the atrocities in Darfur and the appalling situation in Zimbabwe—and not to lose sight of the traumas in Burma. As has been discussed at length, the complex situation in Pakistan has special resonance for us, with our historic and current ties placing additional burdens on us to influence General Musharraf to honour the latest of his many pledges to hold elections and to lift the state of emergency.

This country remains fully committed in neighbouring Afghanistan, where some unfortunate shortcomings by our partners in delivering what has been promised have become clear. We need to continue to overcome those shortcomings, because too much is at stake, and neither the Afghans nor the international community can afford to lose any of the many different battles being fought there.

Likewise, in Iraq there is still a desperate need to recognise that Britain's presence has been a major part of the problem. Our priority must be to move on to a multilateral footing and to bring British forces home. Like the shadow Foreign Secretary, I urge the Government to ensure that, beyond this general debate, we will still have regular opportunities to debate matters relating to Iraq, Afghanistan and elsewhere. We, too, believe that a public inquiry into how the debacle in Iraq began and unfolded is still urgently required.

The conflict in Iraq highlighted difficulties with Britain's relationship with the present Administration in the United States, and there is much about that that we would like to see changed. That does not, however, undermine the basic fact that the ties that bind this country to America are stronger than the differences that can divide us. The United States remains our most important bilateral relationship as a country.

However, it is the European Union that, on a multilateral basis, presents us with the opportunity to deal successfully with some of the most pressing issues facing us. Our membership of the EU recognises the need for Governments to work together to tackle problems that they cannot deal with alone. It is fundamentally important to us in terms of our economy, the environment and our security. The system needs to be reformed, however, and to adapt. Even its most supportive friends recognise the need for that.

Enlargement has made the pressure greater, and there is general agreement across the House that more countries should join the EU, including Turkey and those Balkan states that are not yet members. However, there can be no hiding from the difficulties of achieving reform, as the crisis arising from the attempt to ratify the constitutional treaty illustrated. We have experienced deadlock on that for the past three years. With the new reform treaty, however, we can see significant and important changes, including an end to the flummery and trappings of a constitution, and an end to the conceit of a constitutional concept. All the old treaties that were to have been consolidated into that one document have now been stripped out, leaving us with an amending treaty along the previous lines. On key issues such as the charter, important changes have been made that have changed the nature of the treaty.

We are invited to oppose the treaty on the basis of a checklist of issues about the full-time presidency, the high representative and qualified majority voting. But surely all of us—however strongly we might criticise the European Union—recognise that the proposals will improve the situation in Europe. The proposals on the presidency will make things more efficient; we shall no longer have the nonsense of passing on the baton every six months. The high representative will make co-ordination of our common foreign and security policy much more effective, and will ensure that common policies are much more clearly expressed. The proposals on qualified majority voting in areas such as humanitarian aid and intellectual property rights will surely be good moves for Britain. The opponents of the treaty fail to recognise the improvements in transparency, the greater co-decision making with the European Parliament, the better accountability through the enhanced involvement of national Parliaments such as this one, and the more effective decision making by, among other things, reducing the number of Commissioners in Brussels.

On that basis, we believe that the treaty will provide an improvement in the governance of the European Union that will be good for the United Kingdom. We anticipate many happy hours scrutinising the proposals in the House, but we do so from a standpoint of wishing to see the Bill passed. We also believe that it is Parliament's job to ratify the treaty. In our judgment, the changes made to create this amending treaty have altered its constitutional significance, so we should not hold a referendum on it.

We have heard much about the issue of trust, which is a serious matter that should not be diminished. Maintaining the electorate's trust is not just about being able to explain what has changed and making clear how significant the changes are, as it is also tied up in the honesty of our debate. The debate in this country is not about the composition of the Council or the future of the high representative. The debate taking place in our constituencies up and down the land is about Britain's role inside Europe. It is about whether or not, after the all the changes overseen by the Conservatives for 18 years and a further 10 years of changes by this Government, we should remain part of the European Union.

The Conservatives have drawn some lines in the sand that conveniently allow all the vetoes that were scrapped when the internal market was created under the Single European Act to be ignored. They also allow the changes under Maastricht, which introduced a common foreign and security policy and policies in justice and home affairs matters, to be left aside. Now the debate is apparently to be defined by how long the

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president is to sit in the chair of meetings. Any debate on the reform treaty will not be constrained by what is contained within it. The core of the debate across Britain is about staying in or leaving the EU. It is about accepting how important it is, notwithstanding all its flaws and the various attempts to improve it, or deciding to opt out and leave. Let us not have a phoney debate. Let us debate the merits of our relationship with Europe.

On the Liberal Democrat Benches, we believe that there should be a referendum—but it should be on the real issue of either staying in or getting out of the EU. We are clear that, as a country, Britain's future lies at the heart of the enlarged and now to be reformed European Union. We must continue to be part of it, not marginalised on the peripheries. It is more than 30 years since Britain took stock of its membership of the then European Economic Community. That is why I, my hon. Friend the Member for Twickenham (Dr. Cable) and other Liberal Democrat Members will later this evening table our amendment on that specific issue alone. We invite others from all sides of the House to join us and help to start the real debate about where Britain's interests lie.

5.22 pm

Mr. Don Touhig (Islwyn) (Lab/Co-op): The international environment in which Britain finds itself is as difficult and complex today as it has been since the end of the cold war. The combined challenges of international terrorism, nuclear proliferation, regional instability and highly organised global crime make it more difficult than ever to plan and effect lasting solutions. The question is how we should devise policies to deal with those challenges in an increasingly uncertain world.

First and foremost, we must be absolutely determined that, however daunting the scale of the problems we face, we will never lose sight of the sacrifices that we ask of our armed forces. Yesterday saw millions across Britain stand in silence to mourn and remember those who paid the highest sacrifice in serving their country. It is right that we should do that. It is absolutely right, too, that we have such expressions of our gratitude as the armed forces memorial in Staffordshire. At this point, I want to pay tribute to my right hon. Friend the Prime Minister who, as I know from my time as a Defence Minister, personally intervened to ensure that the appeal fund for that unique expression of our nation's gratitude would not founder. When there were difficulties, he certainly made sure that there was funding to enable that project to proceed.

It is vital for our servicemen and women to know that they have full support and understanding back home for the difficult and dangerous work that we ask of them in Iraq and Afghanistan. Our armed forces need to feel valued, supported and thanked for all they do. I find it amazing that some, even in this House and perhaps in the other place, draw the conclusion that the morale of our troops is somehow helped by the incessant carping of politicians.

Our armed forces are not cut off from what is happening in the news and at home. That imposes on us a responsibility to conduct our debate in a careful and constructive manner. There are issues that require discussion—supply of equipment to our troops, the need to honour the military covenant, and the defence budget. Those require detailed consideration in this place and elsewhere. However, the near hysterical attitude whipped up by some in Parliament and the media which portrays any failure or shortcoming as if it were a betrayal of our troops in Iraq and Afghanistan makes me wonder about the motives behind it. Hysteria does not help our troops. What does help is looking carefully at issues such as equipment, the covenant and defence spending in a frank and constructive atmosphere that recognises that these are legitimate matters of concern which need to be debated in a sensible and constructive way to benefit our whole country.

Britain will continue to face serious challenges. There is no place for moral or political cowardice. That means not reneging on our international commitments in Iraq or Afghanistan or stepping back from our efforts with our international partners to bring peace to the middle east. My right hon. Friend the Prime Minister set out a clear strategy for his Government's approach in Iraq in a statement to the House on 8 October. If our ultimate goal is to help Iraq to build and develop institutions that can sustain its people, it is crucial that we help with economic aid and the reconstruction that is needed. For that reason, I welcome his announcement that the provincial council has created the Basra investment promotion agency to stimulate private sector development and is also forming a Basra development fund to help small business and to kick-start the economy. In the coming years, our ability to offer training, mentoring and support to the Iraqi people as they strive to rebuild and revive their economy will be just as important as the support that we have given to provide security over the past four years.

The same point should be recognised when we are trying to build democracy and bring stability to Afghanistan. The scale of the problem that our troops are tackling there and the lessons of that country's history serve as a sharp reminder of the terrible and difficult task that we are addressing. British troops are involved in fierce fighting against the Taliban at a level of intensity perhaps not seen since the Korean war. Alongside that, we face the massive problem of the drugs trade there. Afghan opium and heroin production feeds millions of addicts worldwide. If the drugs trade is not tackled, all our hard-won successes of bringing democracy and stability to the country will be for naught.

I am not saying that the drugs problem will go away overnight, and I am not saying that Britain alone can solve the problem. Primary responsibility rests with the Afghan Government, but we must do all that we can to stamp it out. The fight against drugs and the fight against terrorism go hand in hand. In the centre and north of Afghanistan, where the Government have managed to increase their authority, opium cultivation is diminishing, and that is good. However, the opposite trend is seen in southern Afghanistan, where our troops are deployed. In the volatile province of Helmand, where the Taliban insurgency is concentrated, opium cultivation in 2006-07 rose by 48 per cent. and more than 100,000 hectares are being used for poppy growing and opium cultivation, such is the scale of the problem that British forces are battling against in Afghanistan.

If we can win that battle, however, we can strike a blow against those involved in the drugs trade here. The big question is: can we win? There are no finer forces than ours, and if peace and security are to be brought to that country, we certainly have a role to play.

Paul Flynn: We went into Afghanistan with a hope that we could reduce the number of drugs coming to this country. We have been there since 2001 and have spent £250 million of British taxpayers' money. Last year, the drugs crops increased by 60 per cent. to the highest that they have ever been and the price of heroin on the streets of Britain is the lowest that it has ever been. What does my right hon. Friend suggest we do now?

Mr. Touhig: I would not suggest that we pack up and come home. That would not solve the problem. I accept that there is a problem, and I mentioned the increase in heroin production in the south of the country. I have no doubt that my right hon. Friend the Home Secretary and others will be in discussions about how we can best help the Afghan economy to change over to other sources of production and income.

I wish that our allies saw the position in Afghanistan in the same way as us. If they did they might come out of their barracks some time, but to date their response has been shameful. Indeed, they might as well have stayed at home for all the good they have been in many operations in Afghanistan.

I believe that the future of peace in the world will be decided in the middle east. There is a critical need for talks about the two-state solution between Israelis and Palestinians. I am heartened by the constructive dialogue between Prime Minister Olmert and President Abbas, but the international community really needs to support those efforts, and that means including both Iran and Syria. As long as Iran—I was heartened to hear what my right hon. Friend the Secretary of State said about it— continues to supply weapons, training and funding to extremists operating in Iraq, and to Hezbollah and others in Lebanon, that will prove impossible.

Sooner or later, the Iranian regime will have to face a choice. Either it must form a constructive partnership with the international community, play a constructive role in the middle east and end its support for terrorism, or it must face political, economic and cultural isolation. The offer is there for the Iranians. They can begin by making commitments to bring their nuclear programme to an end. Syria faces the same choice: it must either act responsibly or hold back progress throughout the region.

We face a new world, a world that is fractured, divided and uncertain, but more than ever we must be sure that we are united in fighting global terrorism in all its forms, or we will have no world in which we can sustain our lives. The solution, however, is not a military one alone. The problems that we face are difficult. Sometimes the struggle seems intimidating and the rewards initially not very great, as was suggested by my hon. Friend the Member for Newport, West (Paul Flynn). However, I believe that in the long term those rewards will be great. These are struggles that are worth enduring, because the prize is worth winning for the whole of humanity.

5.32 pm

Mr. Michael Ancram (Devizes) (Con): It is always a pleasure to follow the right hon. Member for Islwyn (Mr. Touhig), whose sincere support for our armed forces, and indeed our veterans, is recognised in all parts of the House.

I want to make a few brief points arising from both the Gracious Speech and today's debate. Once again it was confirmed to us that Parliament, not the people of this country, would be asked to approve the European treaty. I cannot think of a British Government who have shown greater contempt for the people of this country. They are motivated purely by fear: knowing that the British people would reject this surrender document, they deny them the promised referendum for which they—the Government—were given a mandate at the general election. Perversely, they have absolutely no mandate, not even in a footnote in their manifesto, to use their parliamentary majority to ratify what I believe is a constitutionally subversive treaty.

In my view, the British people will never accept this gateway to the country called Europe. I was delighted to hear my right hon. Friend the Member for Richmond, Yorks (Mr. Hague), the shadow Foreign Secretary, say that the Conservative party would not do so either. He suggested that nearer the time he might consult on the best way forward. May I give him a little premature advice? I believe that if by the time of the next election the treaty is already implemented and a unilateral retrospective veto cannot undo it, we must still have a referendum. However, the price of not having that referendum now is that the one we do have will need to be more fundamental. It must be not an in-and-out referendum of the sort suggested by the hon. Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore), the Liberal Democrat spokesman, but a referendum seeking a mandate either to renegotiate for an agreed Europe of sovereign nations—which is what we originally joined—or, if our partners refuse that, to renegotiate, quite calmly, the status of the United Kingdom within Europe.

For some months I have been unable to fathom what British national interest was being served by our troops' remaining in Iraq, and I have to say that I am glad they are now being drawn down. I have nothing but admiration for the courage and dedication of our armed forces and for what they have achieved, but at the same time I, too, am absolutely certain that we have no right to ask them literally to risk life and limb without a clear purpose for doing so.

In 2003, the Queen's Speech spoke boldly of our "rebuilding" Iraq, but no more. We now talk about helping with "political reconciliation". The truth is that once the same Shi'a in Basra whom we liberated from tyranny began to turn their guns on us, we became part of the problem, rather than the solution. Whatever the official explanations may be, I believe that moving to overwatch at Basra airport effectively recognises that. The fact that there has been so much less violence since that move was made illustrates that point.

I would like to see—it is not the first time that I have said this in the House—all our troops coming home now. If they do and when they do, we should give them a great homecoming of appreciation for what they have done on our behalf, but the truth is that we cannot

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solve Iraq. Nor can America. In the end, Iraq is going to have to solve Iraq, ideally with the combined help of its regional neighbours, which have a direct interest in a stable Iraq: Turkey, which cannot countenance the break-up of Iraq and the emergence of an autonomous Kurdistan; Syria, which is currently struggling economically under the burden of 1 million Iraqi refugees, with more coming across its border every day; Saudi Arabia, which is concerned at the potential threat of a Tehran-driven Shi'ite satellite; and Iran, which is anxious to avoid another Sunni-Shi'a conflict. The Baker-Hamilton report pointed the way to that and the Government should now press hard for its implementation.

Afghanistan is different. There, our overstretched but outstanding armed forces are fighting for a clear British national interest: to prevent the re-establishment of a Taliban-controlled country from which al-Qaeda could again with impunity plan and launch terrorist attacks against the west. As has been sad, our troops have an enormously daunting task. It is not unlike driving water uphill, only to watch it flow back down again after we leave. We need to give our troops all the support that they need, both in manpower and equipment, and in letting them know that they are fighting on behalf of the direct interests of this country. At the same time we need to understand that sponsoring a local tribal leadership, an age-old habit of British Governments in the past, and winning the battle of hearts and minds could be as important as the military campaign itself. Those two must go hand in hand.

We should not underestimate the importance of our relationship with Pakistan either. The traffic between our two countries is significant. An Islamist, nuclear-armed Pakistan, which is not an impossibility, would be an enormous threat to international peace and security, with serious domestic implications for us, too. When we look at what is happening there, we must beware risking throwing the baby out with the bath water in our reaction to current political events.

From Lebanon to the west bank, I have rarely seen the middle east so explosively volatile. Polarisation has led to radicalisation and radicalisation has led to confrontation. As we have heard, the west is now backing one side and Iran is backing the other, and each of us is providing them with the arms for violence in future. Military action is not and has never been the answer in that region. Israel's war in Lebanon last year ironically left Hezbollah greatly strengthened and now Lebanon teeters on the brink of internal conflict again. Palestinian opinion is dangerously polarised. It is dangerous because confrontation will not achieve for Israel the security that she rightly requires; nor will it achieve a viable and autonomous Palestinian state living peacefully alongside Israel. My fear is that it will ensure only another generation of suffering and death.

The proposed meeting at Annapolis fills me with foreboding because failure would be disastrous, yet it is very difficult to see where success can be achieved. In a conference of that sort, there are only a number of ways in which there can be success. They can do one of three things. They can crown a previously negotiated agreement; they can provide a forum for negotiation; or they can launch a new process. In this case, as far as I can see, there is no previously negotiated agreement to crown. Negotiations without a unified Palestinian team representing all parts of Palestinian opinion ultimately would be self-defeating. Merely to exchange a few aspirations and economic packages will in the end satisfy nobody.

The real way forward is, as it has always been, through comprehensive dialogue, including all the elements that inevitably must be part of a lasting solution: Hamas as well as Fatah; Hezbollah as well as Signora and Hariri; Syria as well as Egypt and Jordan—they are all ready to talk. I know that; I have talked to them. Without undeliverable preconditions, I believe they should now be invited to join that comprehensive dialogue. If Israel and the United States cannot find their way to inviting them, we should.

The world is changing. The days of undiluted hard power solutions of "shock and awe", which we will all remember from the beginning of the Iraq war, are past, not least because we are learning that they did not achieve the purposes that they set out to achieve. In the words of the current Lord Chancellor, it would be "completely nuts" to use hard power against Iran. In these days of the Shanghai Co-operative Organisation, of the powerful Russian energy lever and of the clash of ideologies, my view is that we need to dust down our old manuals on soft power backed by hard. We used to be rather good at that. We had better start being rather good at it again soon.

5.42 pm

Keith Vaz (Leicester, East) (Lab): It is always a pleasure to follow the right hon. and learned Member for Devizes (Mr. Ancram), the distinguished former shadow Foreign Secretary. It is no surprise to me that even though he ended by talking about the middle east peace process and Iraq—very important foreign policy issues—he began, of course, with the Conservative obsession with Europe. I have attended 20 Gracious Speech debates—I have not heard the right hon. and learned Gentleman speak on those matters 20 times in those debates, although he has of course spoken on them on many occasions—and it is interesting that the Conservative party policy on Europe tends to harden each time we have a further debate on foreign policy.

The right hon. and learned Gentleman always mentions my *Beano* moment; my JFK moment. I will remind him of his great moment as shadow Foreign Secretary, when he went round the country on the back of a lorry trying to save the pound. I am not sure whether that was as successful as my campaign as Minister for Europe to try to make Britain more aware of what was happening in the EU. It is sad, however, that these debates are dominated by this "fear" of the EU.

When the right hon. and learned Gentleman was a Minister in a Conservative Government, he signed away vetoes, made agreements and stood up for British interests, in exactly the same way as Labour Ministers have done over the last 10 years. Perhaps it is because the Conservative party has no cause that it has to pick up on Europe. That is why I am pleased that we will have substantial debates on the European Union in the forthcoming parliamentary Session. I am glad that the Government have agreed to make so much time available for proper scrutiny of the European reform treaty because that will be the opportunity for the Opposition to table amendments calling for a referendum

or to set out their alternative vision of what they believe Europe should be doing. Those crucial issues affect the success of our nation.

Of course, we have to reform how the EU operates because a Europe of six is quite different from a Europe of 27. Enlargement has transformed the European Union—how it functions, how its decisions are made, how it makes the regulations that inevitably come before this House to be scrutinised and that mean that our country inevitably must deal with our European colleagues—so it is vital that we have such debates.

I see that the hon. Member for Hammersmith and Fulham (Mr. Hands) is present. He has been a great champion of the enlargement process. No Member on the Opposition Benches has done more than the hon. Gentleman to champion the rights of the eastern European people who have come here since 1 May 2004. Enlargement has been good for us—there have been benefits—and, because of that, when the crucial decisions are made, we must have a Europe that is much more efficient and effective. Therefore, we will have to examine the treaty in great detail, and some of the issues mentioned by the Liberal Democrat spokesman, the hon. Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore), might well have to be discussed much more openly. Are those who speak against the reform treaty against Britain belonging to the EU? Is that why they speak so passionately against the reform treaty? There will be an opportunity to examine such concerns, and all the political parties will need to be honest and open about their true feelings.

A few weeks ago, the Chancellor set out in a paper proposals to reform the banking system, and they are now part of the Government's legislative programme. Seventeen years ago, the Bank of Credit and Commerce International was closed by the then Chancellor and the then Governor of the Bank of England because it was alleged that the BCCI was full of fraud. I well remember 5 July 1991 when the bank closed: thousands of people gathered outside BCCI branches throughout this country and the world—it was the sixth largest private bank in the world—and the then Chancellor and Governor refused to intervene to save the depositors from losing their money. That is why I am so delighted that, 17 years later, the lessons of BCCI have been learned and there are proposals to reform our banking system so that if a bank is in distress and there is a risk that the customers will lose their money, the Bank of England and the Government will be able to intervene and guarantee those people their savings up to a certain amount. The Chancellor mentioned a figure of £100,000, although for Northern Rock the figure is smaller at £35,000. What has finally happened 17 years after the liquidation of BCCI, the largest liquidation in history? The liquidators, Deloitte and Touche, have made millions of pounds, which has all come out of the bank, and the creditors will have got 84 per cent. of their money back, so the original reason why it closed has, of course, disappeared. I hope the banking reforms will reassure people that the Government are serious about ensuring that if such a situation arises again there will be intervention and people's savings will be protected.

The Government have announced that they will publish a counter-terrorism Bill. In doing so, they rightly did not pre-empt or pre-judge the discussion started by the Prime Minister's statement of July this year that he wanted there to be a debate in the country about the terrorism proposals. As Members know, the Home Affairs Committee is currently investigating the question of the 28-day detention period. The Government have not set out a time limit in respect of the proposed legislation. I welcome that, because if Parliament is to discuss these issues and the Select Committee is to investigate them, it is important that we have a proper debate before the Government reach a conclusion. That is the right approach to adopt and, to be frank, quite different from the one adopted a few years ago when the Government set out their stall with 90 days and did not change their position. That ended in a Government defeat on the Floor of the House and the House adopting the 28-day limit.

The Select Committee is in the middle of its inquiry and has taken evidence from Liberty and from Sir Ian Blair, the Metropolitan Police Commissioner. We have had the Home Secretary before us, and tomorrow the shadow Home Secretary and the Liberal Democrat spokesman will give evidence. The head of MI5 has agreed to give private evidence to the Committee in a week's time, along with the Director of Public Prosecutions and the former Attorney-General, Lord Goldsmith. We shall conduct a proper investigation and listen to the views of every stakeholder before coming to a conclusion. It would be wrong of me, as Chairman of the Committee, to pre-empt what it will say, but we are willing and eager to engage with the Government in this important process.

Only a week ago, in his private briefing to newspaper editors in Manchester, the head of MI5, Jonathan Evans, talked about the serious threat that people in this country face. He said that the number of terrorist suspects has increased from 1,000 to 2,000. The threat is serious, and of course Parliament takes it extremely seriously, but it is important that the case be made before the Committee. We look forward to hearing from him, albeit in private, so that we can discuss the matter and conclude our report. I hope, and I think the Committee hopes, that we shall be able to do so before Christmas, which will give the Government and the Home Secretary an opportunity to bring forward their proposals, so that we can have a proper debate early next year on whether the detention period should be extended. That is the third most important limb of the Government's legislative programme.

I welcome the Gracious Speech, which is full of important Bills that I believe will consolidate this Government's connection with the British people. I hope that, in the coming months, we will continue to debate the issues that I have mentioned, particularly Europe and counter-terrorism, with the vigour and robustness that we associate with the House.

5.52 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): I am pleased to be able to welcome the Gracious Speech. I hope that the House paid close attention to what my right hon. and learned Friend the Member for Devizes (Mr. Ancram) said in his important speech, particularly about the middle east.

I shall speak solely about defence. In the week of Remembrance Sunday, I pay tribute to the fallen who died for their country, and think of their grieving

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families. I also remember the wounded and wish them the speediest recovery and a return to health. In this debate on the Queen's Speech, it is appropriate that we think especially of British servicemen and women of all three services currently on operations in Iraq, Afghanistan and elsewhere, and mention the civilian staffs across the defence establishment, who do so much to keep operations going.

We have a great deal to be grateful for, yet the Government's management of defence is, frankly, appalling. We have a Secretary of State who is a placeman of the Prime Minister, and a Prime Minister whose fine words on defence are not matched in any way by his Government's actions. The main problem is, as it has been for the past 50 years, money. That applies not only to the Ministry of Defence but to the Foreign Office. The Government are not being completely straight with the people, the services or the House if they continue to insist that the defence budget is adequate to cope with our present difficulties, let alone the serious problems that loom in the near future. If we are to continue to undertake all our international obligations and conduct major operations on two fronts, as well as defend the country, the Secretary of State for Defence knows perfectly well that the money that has been allocated is nowhere near sufficient and that further money will have to be found.

I warn the Government, as I have on a number of occasions—many of my hon. Friends have done the same—that the armed forces of this country will not be able to deliver the excellence that they do unless the Government meet their obligations toward them.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): Will the hon. Gentleman give way?

Mr. Soames: I shall not, if the hon. Gentleman will forgive me.

I am talking not solely about the military covenant but about the solid, serious funding required for the running of defence.

Among the raft of dismal performances that make up much of the MOD is the Government's seeming inability, which I cannot understand, to tell the true story about the remarkable achievements of our troops in both Iraq and Afghanistan. There are wonderful stories of matchless gallantry, heroism and triumph to tell, but where are they reported? Of course, military reporting in the British press is lamentable, but I believe that, if the press were given a greater opportunity to be shown what is going on and to tell the soldiers' story, it would be of great advantage to the country and particularly to the soldiers on operations.

There are, indeed, tales of great heroism and daring to be told. These men, with a sense of solidarity, closeness, comradeship and mutual support between servicemen and women of all ranks, take the fight to the enemy with great coolness and skill under the most hostile conditions that it would be possible for anyone to imagine, and they draw great strength from knowing that they are supported, that their fellow countrymen care about them and what they do, that their politicians are knowledgeable—they have largely given up hope on that—that the press care and that what they are doing is both valued and appreciated. So, Ministry of Defence press department—under the control of the Secretary of State, amazingly—for goodness' sake get on and do a much better job of informing the wider world of those remarkable stories. For a start, bring back the single service PRs, who are capable of telling the story.

Anyone who visits the troops on operations will be amazed at the high standard of their morale, their positive attitude and their continued sense of purpose at all ranks and in all jobs. That is nothing whatever to do with the Government—indeed, it is wholly despite them—but the country is indeed fortunate to have its troops extraordinarily well led at all levels; officers, warrant officers, senior non-commissioned officers and junior ranks are all of quite exceptional quality. The country loves its armed forces and knows how brilliant they are, but people do not get the opportunity to read about their extraordinary successes and achievements on major operations.

I turn briefly to the scandal of how the Government have handled the Defence Export Services Organisation. Since the Prime Minister came to power, it has seemed to me that he had little purpose other than to accrue power and little idea of what to do when he got it. This Government seem to be in power for no good purpose save just being there. They are inefficient, wasteful and expensive; they are often lazy and unserious, and they carry with them the whiff of something not quite right. The DESO disaster is a perfect example of their failures. It was emphatically not a well thought out strategic change to the machinery of Government. It was a ham-fisted and poorly thought out decimation of four decades of outstanding success and service to this country and its industry.

Mr. Benyon: Does my hon. Friend not think that it is telling that, at the precise moment when the Government have taken their extraordinary decision, the French President is setting up an exact mirror of what DESO was and has personally taken control of defence exports? How lamentable that makes the Prime Minister's decision, smuggled out at the end of a parliamentary Session.

Mr. Soames: My hon. Friend is right. He led an excellent Westminster Hall debate in which he laid out clearly the great disadvantage that will accrue to British industry as a result of this.

I understand that only nine days after the appearance of an advertisement in *The Sunday Times* for a new head of DESO, the permanent secretary at the Ministry of Defence was summoned to No. 10 to be told that DESO was to be closed down. The permanent secretary then informed Sir Alan Garwood, the head of DESO, who was not able to inform his staff until the next day. There was no consultation, not even with Sir John Rose, the chief executive of Rolls-Royce or Mike Turner, the chief executive of British Aerospace, and it is my strong belief that the Secretary of State for Defence was himself not fully consulted. As you know, Madam Deputy Speaker, that was also the case when the Prime Minister announced in Iraq the return from there to this country of 1,000 men, most of whom were already back here.

I would like the Secretary of State to answer some questions. Was he told and consulted in full about this decision before it was taken? What was his response? Was Lord Drayson, the former excellent Minister for Defence Equipment and Support, consulted? I rather think that he was not, given that he has since left the Government. The point about DESO was that it was an extremely efficient, effective and vigorous promoter of its operations, quite unlike the dud organisation into which it has now been shunted.

I understand that the Prime Minister decided to do this to appease someone called Baroness Vadera, who I am sorry to report to the House is apparently a Minister responsible for promoting Britain's interests overseas. One can only conclude of her determination to get rid of DESO that she must fashionably dislike this country and its institutions, and that she is clearly careless of our national interest. I suggest that the House keep a careful eye on her. Perhaps she should return to her bank in the City.

It is hard to believe that the Government could have taken so bovine a decision. Wilfully undermining one of the most successful agencies in Government, breaking it up and removing it from the Ministry of Defence is a foolish thing to do, and this Government will come to regret it.

6.2 pm

Jeremy Corbyn (Islington, North) (Lab): The opening remarks by the Secretary of State for Foreign and Commonwealth Affairs painted a rosy picture of the alleged successes in Iraq and of what is happening now. I would like to put a slightly different slant on things. We should remind ourselves that US troops are in Iraq only because of a presidential veto of two votes of both Houses of the US Congress to withdraw them all and that Congress is now locked in a debate about how much money should be spent on the continuing deployment of forces in Iraq. We should also record that some 500,000 Iraqis have died during this war, that 2 million have gone into internal exile in Iraq because they can no longer live safely in their own homes and that 1.7 million have gone into exile in neighbouring countries, particularly Jordan and Syria, where they obviously put an enormous strain on local resources and facilities.

We should ask ourselves serious questions about how we got ourselves into this situation in Iraq, how much it has cost us and how it has cost the lives of so many people in Iraq and of so many American and British servicepeople. We must ensure that we do not repeat the same mistake by building up to another war in Iran or anywhere else in the region. I am concerned that so much of the debate seems to be about a notion of security involving building up greater armaments and preparing ourselves for yet another disastrous conflict in that region. I agree with the call made by the right hon. and learned Member for Devizes (Mr. Ancram): it is time for the small number of remaining British forces to come home from Iraq because their presence is doing nothing other than make the situation worse.

We went into the war in Iraq because we believed the allegation that there were weapons of mass destruction there and because we chose to follow US foreign policy. The war has done immense damage to this country and to the USA, and it has not reduced terrorism or extremism—indeed, it has probably had exactly the opposite effect throughout the region and in the wider world. We should look a bit more seriously at how we can withdraw from Iraq and help to promote a long-term peace process in the whole region.

The Secretary of State did not say much about this, but I am concerned about the continuing conflict in Afghanistan which, again, is presented as one of continuing success. I understand, however, that the Ministry of Defence now talks openly about a 30-year deployment—three further decades—of British troops there. What on earth do the Government expect to achieve in 30 years' continuing occupation of that country other than the probable build-up of enormous opposition to them and the instability that would then be engendered in neighbouring countries? We might wish to defeat what is termed "extremism" and to defeat a perverted form of Islam, but I am not convinced that bombs, guns and huge deployments of western forces is the way to do it. They are more likely, in the long run, to increase the danger of that particular development.

My hon. Friend the Member for Newport, West (Paul Flynn) pointed out in an intervention that despite the presence of a significant number of NATO forces, including British forces and US special forces, in Afghanistan, drug production is at record levels and rising, and is unlikely to reduce in the near future. We should take a slightly more sanguine view of our role in the region.

Iran has been called the bad boy of the region. I am not here to defend the Iranian regime's human rights record, or its record on trade unions or anything else, but I ask the House to recognise that the vast majority of people in Iran, of all political and religious persuasions, are not in favour of bombing raids by the United States, Israel or anybody else, or of a land invasion of Iran. Such an approach will create a sense of unity in Iran that probably did not exist before. I intervened on the shadow Foreign Secretary earlier, and my point is that we should have a greater understanding of the power structures and social structures in Iran and seek to engage with all sections of Iranian society.

Iran is still a signatory to the non-proliferation treaty, unlike Israel or other countries in the region; it has not acceded to the supplementary voluntary protocol, but it is still a signatory. Surely that is worth hanging on to. We should continue to hang on to it through a process of dialogue rather than one of overt threat, which is what we appear to be developing. A war with Iran would be even worse than a war with Iraq. The casualties of such a war would be greater and the long-term consequences probably more dangerous and more serious for the whole region and for the rest of the world.

We are watching the playing out of the situation in Pakistan. The west has given considerable support to President Musharraf over a number of years, and he has now declared a coup almost against himself. Today I received an email from a Pakistani friend of mine who used to live in London. I will not give his name because I fear that he could be in danger if I did so. I shall just read a small part of what he wrote to me. He said:

"My friends are all in detention or imprisoned with no legal access. Most of civil society and human rights and secular progressives are under arrest. We are passing through a very bad phase in our history."

[Jeremy Corbyn]

A report that he sent on to me states:

"no one should be taken in by the semantics as to whether it is emergency or martial law: it is the full-blown martial law with all the associated characteristics of closure of the judiciary and media...along with the wide scale arrest of human rights civil society and political activists".

That is what is happening in Pakistan.

A large demonstration by ordinary Pakistani people took place in Whitehall on Saturday. It called for us at least to condemn, as I believe we are doing, the state of emergency and to recognise that the chances of having free and fair elections during a state of emergency and while so much of the media has been suspended are non-existent. We have to recognise that the defence policies pursued by the west, especially the US, have not done much to conquer poverty or encourage civil society, but have bolstered the political power of the military, and Musharraf is now showing how much he is prepared to flex his muscles in that respect.

My final points are on Palestine. I intervened on the Secretary of State on the situation there, and I have had the good fortune to visit Palestine and Israel on five occasions over the past few years. I am constantly shocked by the poverty of the Palestinian people, especially in Gaza, and their sense of isolation, hopelessness and disillusion that the peace process will mean anything for them. Consistently, Israel has continued, through settlements, construction of the wall and imprisonment of elected Palestinian parliamentarians and lawmakers, to reduce living standards and the opportunities for political discourse in Palestine.

A solution based on the separation of the west bank and Gaza is no solution. Some cosy deal cooked up in Annapolis is not the solution. Too much of the western strategy is based on pumping money into the Fatah-led Government on the west bank and ignoring the needs of the people of Gaza. I have today received a lengthy statement from the Palestinian-International Campaign to End the Siege on Gaza, which talks about the way in which Israel prevents normal commodities from getting into Gaza; the problems of access to health care and education; and the sense of anger and bitterness felt by the ordinary people there.

If we are to bring about some kind of long-term peace, justice and security for everyone who lives in the region, we need to listen to those voices in the Israeli opposition and the peace movement who say that the current policy is unsustainable. We also need to listen to independent voices in Palestine who want recognition and support, and we need the west to be serious about putting an end to the siege. The sense of anger in the whole region, and in Palestinian youth, is the cause of some of our problems in this world. Through the Balfour declaration and many other acts of colonial control, Britain is partly responsible for the history of the region, and we therefore have a role to play in not allowing any unsustainable, cosy deal cooked up in Annapolis, but in pursuing a solution based on the withdrawal of the settlements, an end to the construction of the wall, the release of the 4,000 Palestinian prisoners held by Israel and, above all, recognition of the rights of Palestinian people. That will make life safer and more secure for people living in Israel as well as those living in Palestine. The continuation of the conflict through the build-up of arms and separation barriers is not a solution and it will not help us to bring about peace. We have a role to play in that and I hope that we will do so, but I have not been encouraged by what I have heard so far today.

6.13 pm

Mr. John Baron (Billericay) (Con): The hon. Member for Islington, North (Jeremy Corbyn) made a thoughtful contribution. He knows that we share much common ground on the issue of Iraq and, from what he said today, on the situation in Iran.

I am grateful for the chance to speak in the debate and I intend to confine my remarks to one of the most significant challenges facing British foreign policy today—Iran. I am concerned that the US's approach is an impediment to a peaceful solution. By opting for confrontation and the rhetoric of regime change, President Bush is playing into the hands of President Ahmadinejad and the hardliners in Tehran. That can only make matters worse. I urge the Government to use their influence to get the US to change tack or at least soften its tone.

We understand that President Bush is seriously considering a military strike. If he is even coming close to doing so, we risk sleepwalking into yet another foreign policy disaster, the scale of which might surpass even the shambles of Iraq. For one thing, it is not even certain that Iran intends to develop nuclear weapons, a view shared by Sir John Thomson, a former UK ambassador to the United Nations. It may be true that Iran is pressing ahead with uranium enrichment, and that that uranium could be used to build a bomb, but I suggest that Tehran's nuclear programme has always been as much about status as it has been about security. There is a possibility that Iran, like Japan, wants the prestige of having nuclear know-how without actually wanting to develop a bomb. Indeed, if we look at the region from Iran's point of view, it is surrounded by nuclear powers, be they China, Russia, Israel, Pakistan or, to the south, the US navy, so status is important.

Meanwhile, the International Atomic Energy Agency has been unable to uncover any concrete evidence of a nuclear weapons programme and Tehran has consistently denied any intention of building one. We saw in Iraq what problems can follow when evidence is not properly scrutinised by this place. The situation requires subtlety of understanding and action. That is where President Bush's rhetoric becomes very important. Talk of an "axis of evil" or regime change is not helpful. Iran can have no meaningful incentive to co-operate on nuclear power if it believes that the US ultimately wants regime change. In fact, it makes the nuclear option more attractive. Regime change is unlikely to happen anyway, as Iranians are already broadly supportive of the political system, even if many are not in favour of President Ahmadinejad. Indeed, the current confrontational approach, through rhetoric and the implied threat of military action, plays into Ahmadinejad's hands. It gives him the enemy he needs to unite Iran and harness anti-American feeling across the middle east. It helps the hardliners to secure their position at a time when economic difficulties are getting worse.

The subtlety of our approach should recognise the election timetable in Iran. Parliamentary elections are due next March and presidential elections in 2009. Both Iranian elections will affect the course that that country eventually takes. One could argue that confrontation is not working anyway. Iran is still enriching uranium and does not feel especially vulnerable, believing the US to be weak and essentially bogged down in Iraq.

The risk is that we underestimate how seriously President Bush is contemplating a military strike. For him, the timetable of dealing with Iran is shortened by his own imminent departure from office. He does not want to leave a nuclear Iran as his legacy and he seems prepared to sacrifice the long game for his short-term needs. However, a military strike by the US or Israel would be wholly unwise. The one thing guaranteed to push Iran into continuing uranium enrichment and developing a nuclear weapon would be a unilateral military strike. National pride, as well as strategic wisdom, would require that. Iran would probably also drop out of the non-proliferation treaty and end all co-operation with the IAEA, as the hon. Member for Islington, North suggested.

Support for the current hardliners in Iran would probably increase as a result of a strike, just as the Iran-Iraq war boosted patriotic support for the regime and helped to cement the revolution. In the same way, Iranians responded to Bush's talk of an axis of evil in 2002 by going on to remove the reformist President Khatami. Air strikes would not do much damage to the nuclear programme anyway. We do not know for sure where the sites are; some are deeply embedded in mountains. Air strikes would, however, further inflame western and Islamic viewpoints.

Instead of confrontation, there should be more constructive dialogue from the US and the west in general. We need a cessation of US calls for regime change, and an end of talk about an axis of evil. I suggest that we need to offer implicit recognition of Iran's new status as a major power in the region—a status that we created through the removal of Iran's rivals in Iraq and Afghanistan. There is a precedent for recognising new status: in the 1960s, when the US presence in Asia was waning and China was beginning to flex her muscles, Nixon did not respond by denying the reality of Chinese power.

We need a gradual normalisation of diplomatic relations. Without that, discussions on Iraq, the nuclear issue and the middle east peace process will become more difficult. There is no doubt about it: some diplomatic efforts have already been made by the E3 plus 3, but more could be done. The west underestimates the opportunity to influence Iran and to steer the country towards a more moderate and reformist future by appealing over the head of President Ahmadinejad to the country's population and its middle classes. Iran is a state in transition, with multiple centres of authority and constant power struggles. The challenge for the west is to influence those struggles. Crude appeals for regime change undermine local proponents of reform by making them look like imperialist lackeys. Offering Iran a new relationship with the US could strengthen the pragmatists at the expense of the hard-liners. The pragmatists believe that Iran has a better chance of achieving regional prestige through negotiation.

We must not forget the opportunities that engagement presents. Like Washington, Tehran is eager to avoid civil war in Iraq, with the instability and refugee movements that that could involve, and is eager to maintain Iraq's unity, albeit with Shi'ite predominance. Instead of bemoaning Iran's influence in Iraq, President Bush should seek to embrace that power and try to use it constructively, difficult though that may be. Tehran and the west also have a shared interest in tackling poppy production in Afghanistan—a point that was raised earlier. Iran has a real problem with heroin addiction, and co-operation with Britain might hold the key to reducing supply.

Situations of great complexity are often played out at different levels, and Iran is no exception. For example, Germany, one of Iran's biggest business partners, is under US pressure for its companies to cut exports, and for export credit guarantees to be reduced. The German Chancellor has responded by saying that any sanctions must be negotiated in the UN. Berlin has evidence of US companies doing undisclosed business with Iran via shadow companies in the middle east. We know that the Russian Foreign Minister, Sergei Lavrov, recently made a surprise visit to Tehran to put pressure on the regime to meet the IAEA deadline regarding uranium enrichment. Apparently the key reason is that the Kremlin sees an Iranian climb-down as the perfect way to prevent the US from setting up its planned missile radar intercept sites in eastern Europe. As President Bush insists that the stations are targeted at Iran, not Russia, he would not need them if the Iranian threat disappeared.

Whichever level holds sway, and whatever argument wins through, politicians of all types need to remember that military action should always be the action of last resort; Remembrance weekend was a poignant reminder of that. Once military action is sanctioned by politicians, the way is laid open for uncertainty and unforeseen consequences. Those unwelcome visitors always come knocking at the door of even the best laid plans. That is why military action should be taken only when all other avenues have been exhausted.

I believe that we can and should go that extra mile for peace. The US needs a subtlety of approach that recognises the complexities of the issue, and Britain should use her influence in the US to get President Bush to acknowledge that. We need a policy of genuine engagement to undermine President Ahmadinejad and reassure Iran that her interests need not be threatened by working with the west. While keeping all other options on the table, we need to renounce the option of a military strike in the short term. The nuclear issue is yet to be decided. A peaceful solution is possible if we can succeed in getting the US to change its policy, but time is becoming short, if only because of the presidential election timetable.

6.24 pm

Mr. David Crausby (Bolton, North-East) (Lab): The conflicts in Iraq and Afghanistan have required commitments beyond the call of duty on the part of Britain's armed forces. Disagreement and political point-scoring about whether our forces are stretched or overstretched are, for me, academic in the face of the performance of our armed forces. Whatever the appropriate form of words—whatever side of stretch

[Mr. David Crausby]

or overstretch we come down on—our troops are certainly at the edge of their capability, and that simply cannot be allowed to continue.

Matters will only get worse unless there is a significant increase in defence resources, or a significant reduction in our commitments. In any event, further involvement in other operations at this time is out of the question. In some respects, that might well be a good thing, but for Britain to be in such a situation for any length of time threatens our security, and the issue must be addressed. A country with wealth and resources as extensive as ours should never be unable to defend itself effectively against a new and unexpected threat. We should always have a significant cushion between our operational commitments and our security needs. That is one reason why supporting the Americans in Iraq, when we were already greatly committed in Afghanistan, was not only a political mistake, but a dangerous tactical security error. We should thank God that those events coincided with a reduction in our commitment in Northern Ireland, because without the peace dividend that political agreement has delivered our forces would by now be in meltdown.

Even the Americans, with their enormous defence base, are feeling the strain, and the tactical mistake that George Bush made in Iraq has clearly emboldened the Iranians, to the detriment of world peace. We must remember that British troops are the finest pound-for-pound military forces in the world not simply because they are British. They perform to such a high standard because we, as a nation, have traditionally trained and resourced our Army, Navy and Air Force to a much higher level than many other countries. In addition, a successful mix of operations and training experience has left our armed forces with an expertise that is second to none. However, if we put our forces under too much operational pressure, without giving them the time to refresh and retrain, their standards will inevitably slip and our security will be threatened.

Mr. Ellwood: The hon. Gentleman rightly praises our armed forces, but does he not agree that if our reconstruction efforts had been correct, and if, in the short window of opportunity that we had in 2003 and 2004, work had been done to bring the country, or indeed the region, up to par, our armed forces would not today face the pressure that they do?

Mr. Crausby: It is clear that the Americans did not have the plan for peace of which they boasted, but I do not believe that our efforts in Iraq were ever as deliverable as the hon. Gentleman makes out.

Mr. Ellwood: I am sorry to pursue the point, but I feel that I must, because Basra was, and remains, a British responsibility. The task was never up to the Americans; it was up to us. We were designated that area. It was up to us to work out the package of support and reconstruction, and that did not happen. We cannot blame the Americans, and we cannot even blame the Sunnis. The operation in Basra was very different, and that is why we call for an inquiry that will answer some very difficult questions.

Mr. Crausby: The operation in Basra was certainly very different. History has demonstrated that there has been a different result there.

On whether there should be an inquiry, I want to make some points about our commitment in relation to our resources. We must decide to cut our commitments or increase our resources; doing nothing is not an option. In my view, the wise choice would be to cut our commitments and increase our resources at the same time. Although in recent years we have certainly increased defence spending in real terms, we have done so at a time when the opportunities for new and improved defence technology have grown enormously. It is absolutely right to spend on new and exciting resources—new aircraft carriers, submarines, Snatch vehicles and fighter planes. We must stay at the forefront of defence technology. However, those new and effective assets must not come at the expense of our people on the ground. There is much to do if we are to house and reward our people at a level that will recruit and retain them.

Like any others, defence resources are scarce and expensive, so they must be used to our best advantage. In consequence, regardless of the history, we have a responsibility to review our strategic position continuously. We should constantly ask this question: are we helping the situation or contributing to the problem? Although it makes no sense to name a firm date for withdrawal, it is sensible for us progressively to reduce our forces with the firm intention of leaving things to the Iraqis. If we do not make it clear to the Iraqi Government that they must soon deal with their own security, they will never be ready to run their own affairs.

Afghanistan is a completely different kettle of fish. The fear is that the two operations are frequently seen as the same in the public eye. After 11 September, the Americans were justified in demanding from the Taliban the cessation of support for al-Qaeda, and they were right to invade Afghanistan. Appropriately, we supported them and we should continue to do so because the democratic world would be foolish in the extreme to allow the Taliban back to control a nation state and run the affairs of the people of Afghanistan.

The NATO Council was justified when for the first time in its history it invoked article 5 of the treaty in defence of the USA. Let me remind the House of how article 5 begins:

> "The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all".

Those are fine words, but NATO membership and the responsibilities that go with it will require the delivery of more than fine words in Afghanistan. There can be no place for a two-tier NATO, with some nations prepared to do the trouble-free bits while others, such as the British and the north Americans, are expected to bring home dead soldiers.

In the light of the current support of some of our European neighbours, we have to wonder what would have happened if, during the cold war years of the Soviet Union, the Russians had invaded mainland Europe. Would some of our so-called NATO allies have hesitated until the tanks ranged at their own borders before they were prepared to put their forces in harm's way? Who knows? We will never answer that question. However, another question arises: if NATO

cannot deliver significant military force from countries such as France and Germany on the back of an article 5 declaration, what is the purpose of NATO at all? After all, Afghanistan is a relatively small task when compared with the threat formerly from the Soviet Union.

If nothing else, NATO's performance in Afghanistan is already convincing me that we cannot rely on a European defence force for anything but peacekeeping and parades. We must remain masters of our own destiny in military matters. I am afraid that the defence of our liberty will never come cheap; however, the failure to be ready, willing and able could be very expensive indeed.

6.35 pm

Mr. Richard Spring (West Suffolk) (Con): We have touched on the fact that a lot of time has been spent talking about the European treaty, and I want to make this basic observation. The whole issue of a constitution or a non-constitution arose from the Laeken declaration, put together by the European Council in December 2001. It is worth reminding ourselves of the remit inherent in that declaration. It called for the clarifying, adjusting and simplifying of the division of competencies between the EU and member states and the addressing of the democratic deficit to make the EU more democratic, transparent and efficient. It also called for the EU to be brought closer to its citizens. On the four treaties, the declaration states:

"If we are to have greater transparency, simplification is essential".

What a long road we have travelled since that remit. The declaration asked exactly the right questions for the long-term viability of the European Union, but one can see that the EU is very far removed from them. The idea that the treaty is bringing the peoples of Europe closer to the structures now being proposed is preposterous.

Mr. Hands: Before my hon. Friend moves on from the Laeken declaration, I remind him and the House that only in June this year the European Council, continuing what was said at Laeken, called for the

"crucial importance of reinforcing communication with the European citizens...and involving them in a permanent dialogue. This will be particularly important during the upcoming IGC and ratification process".

So that urge to have democracy came not only at Laeken, but in the ensuing years. Unfortunately, it will not be fulfilled.

Mr. Spring: My hon. Friend makes his point well, and I absolutely agree with him.

In the next fortnight, Mohamed el-Baradei will report on the work of the International Atomic Energy Agency on Iran's nuclear developments. The vote on a possible third UN Security Council resolution for sanctions will be called if the IAEA and Javier Solana conclude that Iran has failed to make progress on the work programme agreement of last summer. When I was in Iran recently, I was told that it would be fully compliant. However, since then—and we are at a critical juncture—President Ahmadinejad has hinted that Iran is now capable of producing 3,000 centrifuges, which would be an important step in the process of enriching uranium and would lead to the possibility of a nuclear bomb. Iran has indicated that it will expand that capability considerably.

If we go down the route that I have mentioned, there will be huge problems for us and the region. Let us consider, for example, the reactions of two of Iran's neighbours, which are concerned for different reasons. Saudi Arabia has unveiled a Gulf states initiative for all users of enriched uranium to ensure security of supply for civilian nuclear power programmes and to prevent the diversion of uranium into nuclear weapons programmes. As my hon. Friend the Member for Billericay (Mr. Baron) mentioned, Russia has proposed to be a guarantor of the peaceful nature of Iran's nuclear programme, with the possibility of some exchange resulting from America's proposal on ballistic missile defences. However, even before the imminent IAEA report, the United States has announced a series of sanctions against the Iranian revolutionary corps as a proliferator of nuclear weapons, and against the al-Quds force division as a terrorist organisation. We therefore have in prospect a freezing of assets, as well as the ban on US citizens doing business with three Iranian banks. However disagreeable it may be to us, the problem is that that sort of action bolsters the reputation of President Ahmadinejad, whose supporters did badly in the local elections nearly a year ago, and who got into office in the first place promising higher employment and prosperity, which has unfortunately completely failed to materialise. There is petrol rationing, amid other signs of a truly sclerotic economy. However, the country is insulated by oil at $100 a barrel, as it has one of the highest reserves in the world. It has become fashionable in Iran to blame Britain, in particular, for its difficulties; that is because of our rather chequered historical relationship with the country.

If Iran does take the alarming route to a nuclear capability, not only its neighbours have reason to be concerned. President Ahmadinejad's recent comments on Israel and his repulsive observations about the holocaust make Israel understandably anxious. The United States has indicated that Iranian weaponry is being used against soldiers in Iraq. We do not know what the exact provenance of that weaponry might be, but it is undoubtedly being used, and the United States may use that as an opportunity for some sort of attack on Iran in due course. Before that ever happened, we would do well to consider the consequences. Iran has sophisticated weaponry and is most unlikely to fail to react. What could it do? It could close the Strait of Hormuz, which is only 34 miles wide and through which 20 per cent. of the world's oil travels each day, or even attack some of the Gulf oilfields. A substantial reduction in oil supplies to the world would have dire economic consequences. We must also ask ourselves whether surgical strikes could be effective. Would the Iranians manage to retaliate further afield? If there was no UN mandate because of objections from Russia and China, how would parts of the Islamic world react in such an eventuality? If there was a UN resolution, how would enforcement be viewed when non-compliance is accepted elsewhere in the region? There are huge dangers, but they have to be balanced against the consequences of Iran acquiring a nuclear device.

If there is to be a successful dialogue, the United States will be the key player, as always in this region.

[Mr. Spring]

Iran has been branded part of the "axis of evil" and has had conditions imposed on it by the United States that make it difficult for any such dialogue to proceed—namely, the cessation of any kind of nuclear enrichment and ceasing to sponsor state terrorism. The simple reality is that no Iranian politician, however moderate, would accept such conditions, so any dialogue that is to work must be based on a different sort of premise. The grim reality is that we have very little insight into the different elements of the country's ruling group. We have no real intelligence on the ground and can make judgments based on assumptions but not hard evidence. Nevertheless, we must try to identify those in Iran who are more moderate and can persuade the more aggressive to get into some sort of dialogue with us. If we fail, the consequences for Iran, the region and the rest of the world will be very serious. The next few weeks will be crucial. No option should be dismissed in these alarming circumstances, but whatever course we pursue to prevent Iran from getting a nuclear device, we must do so in a tough but calculated and measured way, because we need to assess very clearly what the consequences would be.

The importance of the security and stability of Israel, as a homeland for the Jewish people, is universally accepted in this House, and so it should be. However, we are entitled to ask whether Israel is more secure today than it was, say, 10 years ago; I fear that the answer is no. I welcome the fact that Mr. Olmert and President Abbas appear to be moving towards an understanding. There are many contentious issues to be addressed, and the question is whether either of them can really deliver. I fear that there will be no viable two-state solution and no ultimate security for Israel unless—this is a very disagreeable proposition—Hamas is ultimately part of any deal agreed between Mr. Olmert and President Abbas, because any such agreement will have to be acceptable to the majority of Palestinians; indeed, President Abbas has talked about having a referendum to resolve the situation. As a long-term objective, the inclusion of Hamas in any talks will have to be entertained.

Mention has been made of the Annapolis conference. We must applaud that initiative. There are dangers in terms of whether it will be successful and expectations that may be too high, but it is good to know that Turkey is constructively involved. Yesterday, President Shimon Peres arrived in Ankara—President Abbas arrives today—for what the Turkish press describe as a mini-Annapolis. I hope and believe that Annapolis must succeed, but it should do so by being the first stage in a process of negotiation encompassing not only the Israelis and Palestinians but the broader region. If Annapolis fails, the pessimists will feel vindicated. The Palestinians naturally want a freeze on settlement construction, prisoner release and fewer roadblocks, while Israel understandably wants guaranteed security. All those aspects are hugely difficult. It may be wise to suggest that Annapolis is not some kind of finality but part of a process on the long road towards a resolution of the problem.

Looking beyond the direct Israel-Palestine relationship, there is a wider picture to consider. Israel has good working relationships with its neighbours, Jordan and Egypt, but there is a lively debate in Israel about its relationship with Syria. The Golan Heights, which are legally Syrian, are occupied by Israel. They have no strategic value any more, but for Syria this is a crucial matter. Seven years ago, a deal was nearly struck between the then Syrian President and the Israelis. Syria has offered normalisation and an exchange of ambassadors, and the Israelis should road-test that. I understand the difficulties, given the relationship between Syria and Hezbollah, but the prize would be a normalisation that would enhance the possibility of Israel's security. Syria is a secular country where religious minorities are protected; indeed, it currently has many refugees from Iraq.

As my right hon. Friend the shadow Foreign Secretary said, the middle east is of pivotal importance, not only for the region itself but for the world at large. Unfortunately, our reputation has been considerably degraded in the past decade. Our longstanding and firm friendship with the United States has not been successfully deployed. Annapolis beckons, and we all hope that it will work. It is vital that we should assist in this process in any way that we can. The peoples of the middle east—the crucible of our civilisation—whether Jewish, Muslim or Christian, do not deserve to continue in an atmosphere of such fear and insecurity.

6.48 pm

Frank Cook (Stockton, North) (Lab): I welcome the Gracious Speech, although I was unable to hear it first hand because I was representing this House in Berlin at talks focused on the possible future transformation of NATO. I have been associated with the NATO Parliamentary Assembly for 20 years, and having been vice-president in the past, I now hold the position of general rapporteur of the defence and security committee. For the past two years in that post, I have had to write reports on Afghanistan and visit that country. With regard to defence, I would like to concentrate my remarks purely on that subject this evening, because my opinions might be somewhat pertinent. The reports, which can be seen on the internet, concentrate purely on the facts, and have won warm approval from David Richards, who was general officer commanding on my first visit, and favourable comment from Dan McNeil, who is currently GOC.

I would like to start with the point that NATO is doing a brilliant job. Our forces are performing valiantly and with enormous courage, despite the fact that resources are sometimes inadequate or ineffective. The problem is that, in my view, we are doing the wrong job. I shall explain. The role that NATO has had thrust upon it is one of promoting and protecting a system of governance, and ensuring that it is well established. When one considers that system, one finds oneself asking a number of questions. We must remember that Afghanistan is very much a tribal society. If one flies over it, one can see—especially over the Hindu Kush—that its communities are rather like cells in a beehive, which are isolated from each other. In the past, they have not been able to communicate with each other very well. That is not the case any more. People now have mobile phones and laptops, and there are radio masts on the ridges so that they can communicate very easily.

In the past, the Afghan has been the sort of person who would say to himself and his neighbours, "If the leader says it is all right, then it must be all right. I trust

my leader." Of course, they are learning that things are not quite what they ought to be, because so much corruption is clearly evident. The system that they voted for some time ago—I doubt very much whether they would vote for it again—is one in which the normal Afghan is dependent on the patronage and protection of his provincial governor. In return, the provincial governor is dependent on the protection and patronage of Hamid Karzai, the President. Hamid Karzai is dependent on the protection and patronage of the White House. The whole system comes down along rather than going up the ways, as representative democracies should—expressing what the electorate and ordinary communities need and aspire to.

With mobiles and laptops, people are now learning more about the way the world goes round, and they are learning about how corrupt and ineffectual the system is. They are able to phone the next valley and say, "How come you are getting so much of that, and we are getting so little of this?" As they discover that weakness in their system, what will their reaction be? We have to consider the prospect that they will eventually turn their anger on the system that is promoting and protecting such governance—namely, NATO. In other words, the situation will become an even bigger bloodbath unless we do something about it.

What do we need to do? We have to ensure that the Afghan national army is bigger and more effective. It is only about 70,000 strong at the present time, but it is quite fearless in its work, and ferocious when it is asked to do a job. However, there are not enough people in that army. Sadly, the Afghan national police force is nowhere near as effective. It is largely staffed by drug addicts, and they are largely there because they cannot get employment anywhere else. The Afghan border patrols are so thin on the ground, they do not even have supplies of water in their feeble shelters, which are spaced miles apart along the frontier. The Afghan security forces have to be stabilised, increased in size and made more effective so that they can take over the task of securing the nation. Only when we get to that stage, and NATO pulls out, can we have confidence enough to say, "Mission accomplished." I seem to remember that term being used some time ago, but now we choose to forget it.

As well as establishing good security forces, other measures need to be taken. At this point, I am not taking a leaf out of the book of the hon. Member for Billericay (Mr. Baron), but he had his finger on the right page. We have to start talking—a dialogue. I am reminded of the quatrain by Edwin Markham, entitled "Outwitted":

"He drew a circle that shut me out—
Heretic, rebel, a thing to flout.
But Love and I had the wit to win:
We drew a circle that took him in!"

I do not want anyone to laugh at this, but we have to do that with the Taliban and Iran. I am minded of the fact that since the second world war—I have a memory that goes back that far—all the terrorist organisations we have experienced have wound up becoming respectable, and we have had to enter into dialogue with them. We started talking to terrorists, but we ended up talking to representatives of state. It might not be the same with the Taliban, but we should at least start talking to them.

Iran is shunned and demonised by America, along with other aspects of Islam, but we have to bear it in mind that it has the most acute drug problem in the world—far worse than in any other nation—and that it is desperately keen to reach a solution. Currently, in the absence of any sort of dialogue or exchange, it is trying to dig a trench two metres wide—that is fairly wide—by two metres deep, the full length of its frontier with Afghanistan, in an attempt to funnel trafficking into points where it can be controlled. If we could start a sensible, constructive and positive dialogue with Iran, it would create common ground on which we could take forward positive and constructive dialogue on other issues. We must bear it in mind that we have to handle Pakistan as well; the situation in Tajikistan is not quite so bad.

I have about three minutes left. There are all sorts of aspects of the Queen's Speech that I would love to talk about.

Mr. Ellwood: Will the hon. Gentleman give way?

Frank Cook: I would rather get to my other point, if I may, which relates to the EU reform treaty and the issue of the proposed referendum.

I had the unique experience of chairing over a period approaching two years every meeting between the House of Commons and the House of Lords when our representatives came back from Europe to report to both Houses, and I have to say that precious little attention was given to the reports by Members of the House of Commons. I was there every time, and as you know, Mr. Deputy Speaker, when you occupy the Chair, you have to stay awake and listen to what is being said. It is a difficult job sometimes. I would vote for the reform treaty, but I believe that we ought to pay attention to the calls for a referendum, and let me tell the House why.

I received representations from an area called Norton in my constituency, which wanted a parish council. I said, "If you want a parish council, have a plebiscite." They did. The people turned it down; they did not want a parish council. People in Billingham said that they wanted a parish council. I told them to have a plebiscite. They did, and it was approved. They now have a parish council. I seem to remember that a gentleman who used to be Deputy Prime Minister had one on the north-east regional assembly, which went down. If we can have referendums on parish councils and regional assemblies, why on earth cannot we have a referendum on this point and trust the electorate, if we get the message over? At the moment, the ground is conceded to right-wing Tory rags. If we had a referendum, I would vote for the treaty and campaign for it, and would be proud to do so. For heaven's sake, let us have some common sense and trust the people of this country. They pay our wages, and some of us have been representing them for 25 years.

7 pm

Mr. Robert Walter (North Dorset) (Con): It is a pleasure to follow the hon. Member for Stockton, North (Frank Cook), who I know has done a tremendous amount of work on Afghanistan, which I

[Mr. Robert Walter]

shall deal with in a moment. He and I have discussed the matter before and I fear that he might not agree with everything that I have to say.

I want to start off by dealing with two defence matters that relate specifically to my constituency, although they both involve enormous amounts of defence expenditure. The first is the AirTanker project, for which a company in my constituency—Cobham Air Refuelling and Auxiliary Mission Equipment—provides all the gizmos that enable those tankers to refuel aircraft in flight. The company, which has, essentially, almost a world monopoly, developed the system in the 1930s and has gone on to produce a piece of equipment that is second to none anywhere in the world.

My concern, and that of my constituents, is that we have been almost at the signature point of the contract, which is allegedly worth about £13 billion over 27 years—it is a private sector partnership—but we are still not there. That is giving some cause for concern. What is the delay in the Ministry of Defence in signing off the contract?

There are international implications, too. The configuration of aircraft—the A330 Airbus, with Rolls-Royce engines and other pieces of equipment—has already been bought by and is flying in the Australian force. The United Arab Emirates has already signed up for that configuration. A similar configuration is flying in the German air force. We are on the verge of reaching a bidding round for that equipment for the United States—not the 15 aircraft that the RAF is talking about, but hundreds. The configuration is in with a good chance, but if the British Government have not even signed it off, will not the United States Government question whether it is as good as we claim it is? The Government have a duty to act quickly to sign off that contract and to get those aircraft flying in the RAF.

The other constituency matter that I want to mention is the defence training review. It is another major public-private partnership, which essentially involves the privatisation of six defence colleges, one of which is in my constituency—the Defence College of Communications and Information Systems. I do not want to reopen the argument about whether it should be privatised, or whether all six defence colleges should be moved to one site at St. Athan in Wales. However, I want to flag up the fact that in the Blandford area of Dorset, where the camp has an economic footprint of nearly £300 million a year according to the regional development agency, we are anxious that we should keep the high-tech presence. If it remains a military establishment, as the Government have made the commitment that it will, it is essential that it should remain the home of the signals. It should be the centre of signals activity, with the signals officer in chief based there, and other signals regiments should be brought on to that site so that it maintains that part of the knowledge economy that is essential to the local Dorset economy.

I said earlier that I wanted to talk about Afghanistan and I want to consider the question of who pays. We all know that the international security assistance force and NATO forces are paid for by the Government and by our taxpayers and those of the other countries that are part of that international force. Obviously, a major contribution is made by the United States. However, have we ever asked ourselves who is paying for the other side? Who is financing the Taliban and the insurgents? We are paying them, too. They are getting their money from the heroin on the streets of this country, of other countries of western Europe and of the United States.

Some 90 per cent. of the heroin on our streets comes from Afghanistan. Not only the heroin costs—that goes somewhere in the black economy—but we as taxpayers face the costs to the criminal justice system, the health care system and the benefits system. My hon. Friend the Member for Woking (Mr. Malins) wrote a pamphlet earlier this year based on his experience as a distinguished lawyer and district judge. He estimated that the cost of narcotics to the British taxpayer was about £23 billion a year. What is the cost of the heroin? What is the cost of the poppy crop in Afghanistan? I asked questions of the Department for International Development last year, and I was told that the amount collectively made by Afghan farmers from poppies at the farm gate was $600 million. The poppy crop has expanded since then, and it is probably worth an estimated $1 billion. Compared with the £23 billion cost to the United Kingdom—never mind all the other countries that are receiving this poppy product, heroin—that is a drop in the ocean.

My contention—I was surprised to see it on the front page of *The Guardian* coming from the mouth of Lord Malloch-Brown—is that we in Europe have a great deal of expertise in buying crops from farmers that we were simply going to destroy. We called it intervention under the common agricultural policy. We then developed a policy of paying farmers to grow nothing at all; we called it set-aside. Is it beyond the wit of man to apply our great expertise from the common agricultural policy to the Afghan poppy crop? If it costs us $1 billion collectively among all our allied nations, that is probably worth it. If it costs us $1 billion this year, next year and the year after, I would have thought that that was a price worth paying.

Frank Cook: Would the hon. Gentleman like to knit into that thesis the fairly commonly voiced view that at least 65 per cent.—probably 85 per cent.—of the Taliban would give up their Taliban support today if it could be guaranteed that they could feed their families and be protected from repercussions from al-Qaeda?

Mr. Walter: The hon. Gentleman helps my point. We would then provide an alternative livelihood to the Afghan poppy farmer that he would not have if we simply destroyed his crop or tried to persuade him with a packet of seeds to grow some alternative crop for which there is no market mechanism.

We have to work constructively first, to ensure that we preserve the livelihood of Afghan farmers and their families and secondly, to create the market mechanisms for the alternative crops that I know they can grow. However, that will take time and patience on our part, as well as money. We need to commit that money, because if we cut off the money supply of the Taliban and the other insurgent groups, we will have gone a long way towards winning the battle in Afghanistan.

In the last few minutes left, I want to refer to Europe—not to the treaty or the referendum, but to the common foreign and security policy, which is of course mentioned in the treaty, in the sense that it is intergovernmental. I remind the House that when the break-up of Yugoslavia took place some years ago we all lamented the fact that Europe was unable to respond either politically or militarily. We all had different responses as individual nations, recognising different bits of the break-up of Yugoslavia at different times. It was not until we managed to enlist the United States and NATO that we were able to bring a military presence to the area. We lamented what happened because Europe had no mechanism with which to respond. It did not exist at that stage; it now does exist. We have developed the common foreign and security policy over a number of years. One of the organs of that, through the European security and defence policy, is Operation Althea, the peacekeeping force in Bosnia, which has worked reasonably successfully, although there are currently a few concerns.

At that time there was a security and political situation on Europe's doorstep that was degenerating fast, but to which we had no means of responding. Today, there are at least two other situations on Europe's doorstep that are developing in a not dissimilar fashion, although one is about break-ups. I refer to the situation on the border between Turkey and Iraq—a situation involving an applicant member for the European Union and a full NATO member being bombarded from the other side by terrorist groups and on so—and to Georgia. Georgia wants to join NATO and eventually the European Union, but has disputed territory in which Russia is playing an unhelpful part.

Now that we have developed the apparatus of CSFP, with battle groups that are ready to be deployed at 15 days' notice, are those not areas where we could prove once and for all that European nations can work together to respond to situations that develop in our own backyard and that we are not for ever dependent on the United States to come to our rescue? I make a plea to the Minister to ensure through his representatives in Brussels that both the political and security committee and the military committee of the European Union discuss the issue urgently.

7.13 pm

Barry Gardiner (Brent, North) (Lab): I welcome this opportunity to speak in support of the Loyal Address. I will speak of two islands: Cyprus and Sri Lanka, both of which merit our attention and our action.

Earlier in this debate, the Foreign Secretary spoke of the cross-party agreement on the eventual accession of Turkey to the EU. Yesterday I was privileged to spend an evening in the wonderful company of His Eminence the Orthodox Archbishop of Thyateira and Great Britain. We were both guests of the congregation of St. Panteleimon church, which sits on the edge of my constituency. That congregation does not share the cross-party agreement of the House. My constituents urged me to pose the following few questions to my right hon. Friend. How can we in the EU entertain for accession a country that refuses to recognise the legitimacy of one of the EU's existing members, Cyprus? EU law required Turkey to open its ports and airports to Cyprus by the end of 2006. It failed to do so. More than that, how can we in the EU entertain for accession a country that is currently in military occupation of one of our own members, Cyprus?

There was a perverse incentive for Turkey to increase its settlement in the north of the island. That resulted in the rejection of the Annan plan by the Greek Cypriot community. I urge my right hon. Friend to focus his attention on the need to resolve the partition and occupation of Cyprus. Without a fair settlement of the Cyprus issue that recognises the rights of my constituents and many like them who are refugees and whose homes still stand beyond reach, across the green line and under Turkish occupation, there can be no progress in Turkey's aspiration to EU membership.

I welcome the wise and worthy remarks of my old boss in Northern Ireland, my right hon. Friend the Member for Torfaen (Mr. Murphy). I, too, wish to say a few words about the situation in Sri Lanka. It is now almost a year since my friend Anton Balasingham died. He had led the political engagement of the Liberation Tigers of Tamil Eelam, seeking a peace settlement in Sri Lanka for a quarter of a century. In paying a brief tribute to him, I wish to bring to the House's attention the appalling deterioration of the situation in Sri Lanka in the year since his death.

From reading reports, I am given to understand that Tamils with a permanent home but no job and also Tamils with a job but no permanent home in Colombo have in the past year been rounded up and summarily transported out of Colombo to the north and east of the country. Such behaviour is entirely unacceptable in a Commonwealth country. I urge my right hon. Friend the Foreign Secretary to be uncompromising in his representations to the Sri Lankan Government on such forced deportations and on the reports that many of those detained and transported have not reached their destinations alive.

Over the past decade, I have been privileged to play a small role in the process of bringing opposing sides into dialogue. In that role, I have spoken with successive presidents and prime ministers, including the current President of Sri Lanka, Mr. Rajapakse, whom I entertained in Northern Ireland when he came to see how the process of dialogue undertaken there might apply to his country. The situation under his presidency has not borne the fruit that I certainly hoped it might after our meeting on that occasion. That is another example of where our Foreign Secretary must engage with the Commonwealth and partner countries in the region to ensure that our demands for human rights observances are met.

In the few minutes left to me, I want to turn from foreign affairs on a small scale to the question of globalisation. Earlier the Foreign Secretary powerfully contrasted the policy of humanitarian intervention that he attributed to his opposite number and the policy of international scepticism that the Leader of the Opposition espoused in a recent speech. Nothing brings us closer to the reason why a policy of scepticism is inappropriate for this and every other country than the issues of globalisation and climate change.

Climate change has made us all aware that we live in a world where the actions of one country integrally affect the lives of those in many others. We have experienced development in this country over the past

[Barry Gardiner]

250 years or more, and during that period we have contributed to the CO_2 emissions in the atmosphere that are now causing the problem of global warming. We shall be involved in the international negotiations in Bali in December that will seek to establish a post-Kyoto protocol and take the matter further. Those negotiations are essential for this country and for our international relationships.

We must understand that the issues of the environment and human development that have long been held to be separate are, in fact, not separate at all. We must regard the environment and development as one issue. We will not be able to tackle the great causes of development and aid around the world if we do not focus on the environment and its needs, because many of the poorest communities in the world depend on their environment.

Equally, we shall not be able to solve the problems of our environment unless we give due recognition to the need to take seriously the development aspirations of people who have not been able to catch up with the western speed of growth over the past 200 years and whose aspiration is to come up to that level and to that quality of life. We must therefore see the two aspects of our international engagement—human development and the environment—as being essentially one. The Foreign Secretary was absolutely right to speak of a need to see the world from a perspective of humanitarian intervention and not from one of scepticism and isolation. For those reasons, I welcome the Gracious Speech.

7.23 pm

Willie Rennie (Dunfermline and West Fife) (LD): It is a pleasure to follow the hon. Member for Brent, North (Barry Gardiner), who has spoken some wise words on our approach to the world.

On Saturday morning, a group of people gathered on top of a small, windswept hill in the hamlet of Pattiesmuir. A bottle of beer was opened and shared around the group. The remainder of the beer was poured on to a grave in Douglas Bank cemetery. This was their way of remembering a son, a brother and a friend who died serving his country in Kosovo—sharing a drink as if he were still with us. When so many people have died serving their country, it is difficult to think of them as individuals who had rich lives, but we must.

As well as remembering the fallen, we must also look to those who serve, or who have served, our country. That is why I am backing the Royal British Legion's campaign to honour the covenant. I want to address some of the Scottish aspects of the campaign. The Ministry of Defence's housing budget in Scotland has dropped by almost £8 million over the past year. Under freedom of information regulations, we have found out that the MOD spent just over £20 million on service families' accommodation in 2006-07, compared with almost £28 million the year before. Over that period, the number of complaints about accommodation has risen. These include complaints from people such as Karen, who is married to a sailor and who has lived in married quarters for almost 10 years. She said:

"It has got to the stage where I don't even know where to turn to. I have problems with damp and the general lack of maintenance. I had a pipe burst in my bathroom and I had to wait years for the damage to be fixed. It's upsetting for my husband to be off at sea for months at a time with all this on the back of his mind."

She is not alone; there are many others who complain about the poor accommodation. Will the Minister explain why the spending on MOD housing has fallen in the past year, especially when the Ministry claims to be making significant improvements to the housing?

Colleagues who closely follow the activities of the Defence Committee, of which I am a member, will know that we took evidence last month from Scottish Executive officials about the health services offered to members of the armed forces and their families, and to ex-servicemen. It was one of the most amateurish displays that I have ever seen from Scottish Executive officials. I am disappointed that, yet again, no members of the Scottish National party are here to listen to the debate. This is the second debate this year on matters of importance that are the responsibility of SNP Members and which they have not bothered to attend. It is a shame that they are not here to listen to the complaints.

What concerned me even more was that the national debate on the treatment of the armed forces seemed to have passed the Scottish Executive by. Their officials were unaware of the difficulties faced by service families when registering for a dentist, for example, or of the detrimental effect on the careers of health professionals who volunteer as reservists, or of the lack of engagement with the fast-track process for servicemen in English hospitals. They also seemed unconcerned that they had been unaware of those problems.

I have a theory. When the Scottish Office was responsible for Scottish health, education and other matters before devolution, it took its lead from the UK Departments for Health, Education and so on, which were responsible for working with other Departments across the boundaries to ensure joined-up government. It might not have been a great success, but they were making attempts. Since devolution, however, responsibility for those matters has passed to the Scottish Executive Departments. Although we are assured that there are quarterly meetings with the MOD to discuss matters of defence, the Scottish Executive do not consider them a priority.

Before I joined the Defence Committee, it undertook an inquiry into service children's education. It found that the Scottish Executive were having similar difficulties engaging with the needs of service families. The Executive seem to think that it is someone else's problem. I would appreciate it if the Minister could shine a spotlight on this area, to ensure that people in Scotland and Wales do not lose out because of a lack of effective and joined-up partnership working between the different Departments in the UK.

I am pleased that there has been an increase in funding for Combat Stress. There is a great need to expand the support for ex-servicemen who face mental health problems. From the Falklands war, there have been 400 cases in 25 years, but from Iraq there have been 140 in three years. In recent months, there has been a dramatic increase in numbers, as the spotlight

has been shone on those suffering from post-traumatic stress disorder. Even more people will present to Combat Stress, and this sleeping monster is about to awaken. The awareness of Combat Stress needs to be improved among nurses, doctors and other health professionals, especially those working in primary care.

Two ex-servicemen approached me earlier this year to express their frustration about the lack of support that they had received for what turned out to be post-traumatic stress disorder. They said that their GP had provided little advice or support, and that things had begun to happen only after they had found out about Combat Stress themselves. Awareness of Combat Stress among primary care practitioners must improve. Much of the funding for Combat Stress comes through the war pension, yet the time delays for ex-servicemen who apply for that pension are excessive. Those delays lead to resentment and frustration, and result in people facing delays in accessing the treatment that they need and deserve.

I have been a Member for 18 months, during which I have seen four Ministers in the Ministry of Defence and a new Secretary of State. The right hon. Member for Islwyn (Mr. Touhig), who made a great speech earlier, was surprisingly sacked after much hard work and long hours on the Armed Forces Bill. He was replaced by the hon. Member for West Bromwich, East (Mr. Watson), who was sacked after suggesting that his boss, the then Prime Minister, should be sacked. The right hon. Member for Airdrie and Shotts (John Reid) was replaced last year by the current Secretary of State, who was subsequently given the additional post of Secretary of State for Scotland. The right hon. Member for East Kilbride, Strathaven and Lesmahagow (Mr. Ingram) has been succeeded by the Minister for the Armed Forces, the right hon. Member for Coventry, North-East (Mr. Ainsworth). Now the well respected Lord Drayson has been replaced by Baroness Taylor. We thus have three very new Ministers in the MOD and a part-time Secretary of State—and all this at a time when our armed forces are under great strain, the defence procurement process is undergoing considerable change and we are at war in two theatres. I am not going to comment on the quality of those Ministers, as they need time to prove themselves, but I hope that the Prime Minister recognises that the MOD needs a period of stability.

Yesterday, after the parade to the Cenotaph, I met a group of reservists from Dunfermline in the Royal British Legion. I also met many who were in the Territorial Army. They were skilled tradesmen, essential to the armed forces. They told me how the expectations of the TA had changed in the past 10 years. When they first joined, they had a slim chance of serving in theatre; now it is almost guaranteed. That shows how overstretched the armed forces have become.

Earlier this year, we heard about military bandsmen being put on standby to replace infantry battalions guarding Cyprus. The first band scheduled to go to Cyprus will be about 50 musicians from the Welsh Guards, followed by the Grenadier Guards and the Rifles. The first deployment is expected in January next year. When I visited Faslane earlier this year, I met storemen who had been asked to volunteer for front-line duties in Iraq. I heard at the weekend that my colleague, Mike Rumbles, MSP for West Aberdeenshire and Kincardine, has been invited to volunteer. My friend has many talents, but I had not realised things had got so bad that he would be required for front-line duties in the service of his country.

The National Audit Office says that the armed forces are about 5,000 below strength, which is about 2.8 per cent. That has been the case for the past five years, yet the armed forces have had to operate above predicted deployment levels. Over that time, some 14.5 per cent. of soldiers have been sent on missions more frequently than recommended by the harmony guidelines. Medical services have been hit worse, with reservists filling 66 per cent. of vacant accident and emergency department and intensive therapy nursing posts.

What are the consequences of that overstretch? According to an MOD survey, a rising number of soldiers are no longer given the full recommended rest period between operations, and only 30 per cent. of ordinary soldiers who responded to the survey were satisfied with the notice given for extra duties. Their families are frustrated as well. Increasing numbers are telling their husbands and wives that they no longer desire a career in the military. One of the reasons for the overstretch is the breaching of the defence planning assumption through our commitments in Afghanistan and Iraq.

I welcome the announcement to reduce force levels to 2,500 in Basra airbase, the withdrawal from Basra palace and the move to provincial Iraqi control in December. Those are long overdue, but do not go far enough. If the situation has become calmer since we withdrew from the palace, is it not logical for us to withdraw altogether? We are clearly part of the problem and should extricate ourselves.

I am also concerned about the minimum force protection required. When the Defence Committee visited Basra in July, we were told that the minimum force protection required would be around 5,000. What has changed? Why is it now 2,500? Are we not putting the lives of our armed forces at risk?

7.34 pm

Paul Flynn (Newport, West) (Lab): We have heard speeches today that were wise, rational and intelligent; but we have heard others that were maniacally optimistic and foolish. The problem is that the wise speeches came from the Back Benches and the foolish speeches from the Front Benches. It is extraordinary to encounter such a denial of what has gone wrong. I shall confine myself to Afghanistan, but I would like to associate myself with the splendid speech of the hon. Member for Billericay (Mr. Baron), who spoke a great deal of sense on Iran and how we appear to be sleepwalking into war, while denying a fair hearing to what people and leaders in Iran are saying. It is so reminiscent of the build-up to the foolish invasion of Iraq, which has caused so many tragedies and achieved so little.

An earlier intervention suggested that I was in favour of withdrawing troops from Afghanistan, so let me make it clear that I supported the war in Afghanistan in 2001. I thought that it was reasonable because of the presence of al-Qaeda and its protection by the Government of the country. What I criticised at the time, and continue to criticise, is the idea that we can eliminate poppy growing or the supply of heroin from Afghanistan. That was always going to be impossible, yet we have invested £250 million of British taxpayers' money and achieved nothing.

[Paul Flynn]

In fact, things have gone backwards. We know that production is now at its highest level ever—60 per cent. up on last year. The other side of the policy's attraction was that we were going to cut off the supply of heroin to the streets of Britain. In fact, it is now worse. Because of the over-supply of heroin, the price has reached its lowest ever point. It is now even more widely available, yet Front-Bench spokesmen continue to be in denial of that blindingly obvious fact. Again and again, they claimed that we were making progress on drugs and had turned the corner. We have turned so many corners in Afghanistan that we have been round the block half a dozen times, yet we have still ended up in the terrible position that we now face.

Governments have never been able to cut off the supply of drugs on the basis of action on the supply side while the demand remains. The real drug problem is demand on the streets of Chicago, London and Newport, which is sucking in the drugs. If through some miracle we were able to eliminate all the production of poppy in Afghanistan in two or three years' time, it would still make no difference. The supply of drugs in Myanmar, Turkistan, north Pakistan and Kazakhstan would simply increase to fill the gap. It would be exactly the same as what happened in Columbia. For decades, billions of dollars were spent trying to reduce supply. We even had "Plan Columbia", the result of which was a 20 per cent. increase in the drugs produced there over the last 12 months. It is the squeeze balloon principle: we squeeze the balloon in one area and it grows bigger in another area.

It is always an impossible task, but it is even worse in Afghanistan because of the mythology whereby people like to believe that the Government were democratically elected in something of a triumph and somehow work in the same way as a Scandinavian democracy does—but they do not. Lord Malloch-Brown—we should pay some tribute to him; he has had a bad day—said at the weekend that he recognises the failure. He is the one Minister who recognises that things are going terribly wrong there. His diagnosis is right, but his solution is not. He said that we all know who the big drug barons are. Yes, we all know who they are and the Afghanistan Government know who they are. One of them is a close relative of President Karzai and two others are provincial governors. Many others are also in the Government. We know that the country and the Government of Afghanistan are endemically corrupt. It is not possible to change that, however hard we try, however many bribes we give out, and however many lives we lose. We will not change that.

There is another possibility. According to yesterday's *The Guardian*, a former civil servant who used to be in charge of the Foreign Office was in despair about the drugs situation in Afghanistan and now favours the turning over of the drug market to a legal supply of poppies for medicine. The case has been well argued. It happened successfully in Turkey. There is a shortage of morphine in the developing world because of its price. Someone who is dying of a terminal disease in a developing country has a 6 per cent. chance of getting morphine. We could greatly increase the supply and turn the trade into a legal one.

On the humanitarian situation in Afghanistan, having supported the war in Afghanistan, the hon. Member for New Forest, East (Dr. Lewis), who represents the Conservatives on the Front Bench, will recall a debate in Westminster Hall in March 2006, before we went into Helmand province. At that time, the Government's view—again, it cannot be unsaid because it was said—was that there was a hope, although not a promise, that the Helmand mission would be concluded in three years without firing a single shot. We have spent £1 billion in Helmand. We have discharged 2.5 million shots. In the first four and a half years of our presence in Afghanistan, we lost the lives of seven of our valiant soldiers, mostly because of accidents. Since then, we have lost a further 76 lives, and it is, tragically, an accelerating process. Does it not get through to the Government that perhaps something is going desperately wrong?

I take my information from serving soldiers and hear a worrying message about their disillusionment, their feeling that they are fighting an impossible war and their anxiety to get out of the service, never to serve again. Probably the most worrying message of all is that the mood of that country has changed. It welcomed us in 2001. It was glad to see the back of the Taliban. It was fed up with their rules. Now, the people are so fed up with living in a country that has war without end that many of them would willingly welcome the Taliban back as a group that would create law and order again.

There is no sign of improvement. Who can look at the situation and say that we can carry on as we are? Again, Back Benchers said the sensible thing in that debate. One of them likened it to the charge of the Light Brigade and brought the verse on that up to date. At a time when there was much support for going into Helmand province, that Back Bencher said: "Bush to the right of them, Blair to the left of them, Holler'd and thunder'd, Someone had blunder'd, Theirs not to reason why, Theirs but to do and die, Into the valley of Death, Into the mouth of Helmand, Drove the five thousand."

Sadly, that prophecy has come bitterly true. We must urge the Government to reconsider what is going on. I am not talking about pulling out of Afghanistan altogether, because progress has been made, in particular on girls' schools. We recognise the progress, but we do not recognise the fact that it is in full retreat and, sadly, schools are closing. It is possible to consolidate the gains made around Kabul, but it is not possible to run the whole country and eliminate the main source of income for the farmers who grow poppies. That cannot be done. There is not a military solution. There is a solution by negotiation and by doing deals.

I remember vividly another prophetic comment in 2001 by a Member of the Russian Duma, who told me: "You Brits have conquered Afghanistan. Very clever. We did that in six days and we were there for 10 years. We lost 15,000 of our soldiers. We killed 1 million Afghans, and when we ran out, there were 300,000 mujaheddin surrounding Kabul. It will happen to you."

We need to get some realism into the situation and decide on practical ways of dealing with the hearts and minds argument, because we are not going to win the hearts and minds when the Americans bomb and kill

civilians. We saw on that splendid "Panorama" programme the other night a vivid picture of what is happening in Afghanistan. We know that we have hugely superior air power, and perhaps the most telling part of it was the pathetic sight of an elderly man and three children in a bombed building, terrified by what had happened.

An uncounted number of civilians have been killed. For every death, the opposition to us from the Afghan people increases. That is a further threat to the safety and lives of our British soldiers. I believe that the Member of the Duma was right when he said that we may well turn Afghanistan into a British Vietnam. We can go in there with more troops and fool ourselves with the rhetoric that we heard this afternoon, but ultimately we are heading for a terrible disaster. If we do not make a deal now that is based on the true practicalities of what is taking place, we face a great calamity.

7.45 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): I pay tribute to the hon. Member for Newport, West (Paul Flynn). He knows that we have an awful lot in common when it comes to Afghanistan. I have just returned from a visit to that country, and I shall hold on to my comments in response to his remarks until later in my speech.

I am delighted to participate in the Gracious Speech. It is an opportunity for the Government to roll out their ideas—to present their vision—for the forthcoming year and, in this case, to snatch back the initiative after the election that never was. However, such is the absence of any vision that I felt slightly sorry for Her Majesty for taking the trouble to visit Parliament last week. The Government are looking a bit tired and are battling to provide solutions to the problems that they have created, not least in Europe and international affairs, the very subject that we are debating.

The armed forces were not even mentioned in the Gracious Speech, despite their being involved in two major international operations. It is clear that the Government are not making them the priority that they deserve to be. On defence, they would have us believe that we are spending more, building more and recruiting more to support our military personnel than ever before. In reality, however, that could not be further from the truth. As a share of total Government spending on defence, expenditure fell from 7.8 per cent. in 1998 to 6.1 per cent. in 2006. Manning across all three services has been cut at the very time when commitments have increased, forcing military personnel to be rotated through the front-line operations that we have heard so much about. I am afraid that millions of pounds have been wasted on very poor procurement practices.

It could be argued that the real enemy is not on the banks of the Tigris or in the mountains of the Hindu Kush, but in the bowels of the Ministry of Defence procurement department, such is the length of time that it takes for the equipment to arrive.

Mr. Hendrick: The hon. Gentleman will be aware that in the last five years of the Conservative Government, the defence budget was cut by £500 million each year. It has increased by £1 billion each year in the 10 years this Government have been in office. The largest ever reduction in the Army took place between 1990 and 1997 and involved a cut of 50,000 troops by the previous Tory Government. [HON. MEMBERS: "The cold war finished."] The number of troops in the Army is now roughly at the same level as it was in 1997.

Mr. Ellwood: As you heard, Mr. Deputy Speaker, the shouts from the Opposition Benches indicate that circumstances have changed. We are not comparing apples with pears. What I will concede to the Defence Secretary—I am pleased that he is in the Chamber—is that the procurement process was not necessarily any better 10 or 15 years ago. All Governments need to improve on that.

Dr. Julian Lewis (New Forest, East) (Con): Does my hon. Friend agree that there is a great difference between ending a cold war and embarking on two new wars?

Mr. Ellwood: The shadow Minister exemplifies why he is on the Front Bench. It is clear that this Government have not got their priorities right.

We do not need to listen to voices in the Chamber. Let us listen instead to some of those servicemen—senior officers, both retired and serving—who are frustrated with the Government's lack of commitment and with cuts in the Army's regiments, cuts in RAF squadrons, and cuts in our naval ships.

While senior ranks jump on the airwaves to make their voices heard, the junior ranks vote with their feet—hence the shortfall in recruitment. The Government's answer, however, is not to try to return the numbers to the level where they should be, but to cut target sizes, which worsens the situation still further at a time when we expect so much more from our soldiers, sailors and air personnel.

If cuts in the budgets were not damning enough, there has been—as we heard from my hon. Friend the Member for Mid-Sussex (Mr. Soames)—the bizarre decision to scrap DESO, the Defence Export Services Organisation. We have yet to hear whether Lord Drayson decided to jump in his car and drive away from government because he was not consulted on the scrapping of a system that, although its promotion of exports cost about £16 million a year, brought in about £500 million a year. That decision was made by the Prime Minister. I am curious about whether the Secretary of State for Defence was even consulted. I shall be delighted to give way if he wishes to clarify the position. He remains seated.

As I said in an earlier intervention, the headlines on Iraq have changed. Our troops have pulled back to the relative safety of Basra airport, and I pay tribute to the 1st Mechanised Brigade and to 4th Battalion The Rifles—my regiment—which has done such an excellent job there. Attacks on British forces have fallen by about 90 per cent., but let us not kid ourselves: Basra is not any safer just because it is not in the British headlines. Little has changed in almost four years, and conditions remain grim. There is no respect for the police authorities, unemployment is rife and power is intermittent. The quality of life has not changed. Militias have filled the power vacuum. Since

[Mr. Ellwood]

withdrawing, the British have not set foot in the city, and have even had to ask permission if they want to skirt the edges because of the breakdown in relationships.

Mr. Hands: Does my hon. Friend share my concern about the complete lack of new Government thinking in either Afghanistan or Iraq? Earlier this year, the length of the conflict in Afghanistan overtook the entire length of the second world war and that of the conflict in Iraq overtook the length of the Great War, yet we seem to be stuck with the strategy that we had two or three years ago.

Mr. Ellwood: That lies at the crux of what I am saying. I know that the Secretary of State is in a very difficult position. He is responsible for our military personnel, but much of the debate on Iraq and Afghanistan is directed less at what our military have been doing than at what has happened under the umbrella of security that they create. That is where my venom lies—in attacking the failure to carry out the reconstruction and redevelopment that should have taken place in the three or four months after the initial invasion, and in the years that followed. That does not happen, and it represents a failure of foreign policy. It is absolutely right for us to pay tribute to our military, but I am afraid we cannot pay tribute to the Department for International Development. DFID was not involved in the debates, the planning and the process in the run-up to 2003 because the then Secretary of State refused to acknowledge her responsibility, and we have suffered ever since.

I disapproved of the initial invasion, but I disapprove even more of the post-invasion planning, which has been deplorable. We depart from southern Iraq leaving a country that is no safer, no stronger and no more prosperous than it was when we first arrived, and I have to ask myself "Was it all actually worth it?"

Let me say something about Afghanistan, in which I have taken a personal interest. After five years of involvement, we are at a tipping point. Having just returned from the country, I believe that optimism is being replaced with frustration and dissatisfaction with the lack of progress on all fronts. I thank the ambassador, Sherard Cowper-Coles, and his staff for looking after me during my visit, but I return from my fourth visit in two years with a very pessimistic report. The international security assistance force is unable to contain or reduce the Taliban threat in the south, the Government are increasingly seen as inept and corrupt, and the poor co-ordination and absence of agreed strategies among international organisations are hampering the progress of long-term reconstruction and development. As I said in an intervention, we are seeing an Afghanistan that is no more prosperous, no more optimistic in outlook and no less dangerous than it was five years ago.

There is a huge synergy between what has happened in Iraq and what is happening in Afghanistan. NATO is looking more and more like a two-tier operation, and the position will become even worse if Holland and Canada, which are currently reviewing their commitments to the country, decide to withdraw. I also am sad to report that President Karzai's Government are increasingly being seen as corrupt. The centralised model is inappropriate for a country comprising such a diverse collection of ethnic groups. It represses any tribal, ethic or cultural differences rather than celebrating them, and consequently there is growing resentment that the Kabul power base is now being abused. That is despite the fact that the centralised model hinders corrupt governors from exploiting their power base.

Mr. Hands: I recognise the great expertise that my hon. Friend has gained during his four visits to Afghanistan. Does he think that the Afghan single-state model should be maintained as part of British policy?

Mr. Ellwood: I believe that that is a matter for review. I also believe that we are at a pivotal point. If we do not recognise that the present constitutional model does not acknowledge the myriad differences across the country, that will be the genesis of failure. In the north, the north-west, the north-east and elsewhere, the President is being given a time bar. He is being told to get it right within about two years. Afghans are starting to rearm, to make caches of weapons, to hoard money and to build armies. That is what is happening in Afghanistan, and it is happening under the very nose of the international community.

I agree with my right hon. Friend the Member for Richmond, Yorks (Mr. Hague), who called for a study group for Afghanistan along the lines of the Iraq Study Group to expose the shortfalls in the international community, and the lack of co-ordination among USAID, DFID, the European Union and the United Nations. It is appalling to report that Tom Koenigs, head of the United Nations Assistance Mission in Afghanistan, does not talk to General McNeill. They have no relationship whatsoever. That is scandalous in a country that requires so much effort.

Afghanistan needs a product that it can get out of the country. At present there is only one market, certainly in the south—the poppy market. That is why people use it. Agriculture is the answer. Before 1979, Afghanistan was the world leader in exporting a series of fruits and agricultural products, but that is no longer the case because the entire irrigation system was destroyed. Now 92 per cent. of the water that comes out of Afghanistan leaves the country without being harnessed. We need to find a way of harnessing that water, creating irrigation systems, and allowing Afghanistan to grow and export products that are less robust than poppies.

The second part of the economic model is the building of infrastructure to get Afghanistan's produce out into the wider international market. A railway is being built to extend west from Herat to Iran, where a market is developing. The other railway that should be built is the continuation of a British effort from the 1920s leading to the Khyber pass. During my visit I went down to see Governor Sherzai, who complained vehemently about the lack of operational funding from central Government. He explained that he wanted to build a number of dams so that he could harness the water and hold it back from the winter months and throughout the summer, and people could start growing and exporting crops.

Mr. Hands: Will my hon. Friend give way?

Mr. Ellwood: I will not, because I am running out of time.

The area that I visited is on the main A1 arterial route that leads out of Afghanistan. It was a delight to see that every third vehicle was a huge articulated lorry moving in and out of the country, but the pace is very slow. If we are to leave not in three decades but in, let us say, one decade, we must give Afghanistan an economic plan enabling it to look ahead. The provisional reconstruction teams that operate around the country are engaged in short-term projects. They are doing things for tomorrow. Why? Because the captain or major in charge must leave after his six months showing that something has actually been done. That is outrageous. He should be working to a grander plan, allowing the country, region or community to move forward. A good example of a waste of money is the £420,000 spent by DFID in Lashkar Gar, in Helmand, on a park for women. That is disgusting. It might be an important aspect at some point, but I do not believe that it is a priority today. We see a lack of joined-up thinking there.

There is much to be learned in Afghanistan. Unless we take advantage of the huge international effort there, and harness it in a way that we are not seeing at the moment, we will fail and the situation will worsen. I also believe that it is time to consider talking to the Taliban. I say that with difficulty because my brother was killed by al-Qaeda, but I put forward the question: is it now time to consider talking to the Taliban? Unless we start raising those very difficult questions, we could find ourselves in Afghanistan for a very long time.

8 pm

Sarah McCarthy-Fry (Portsmouth, North) (Lab/Co-op): I would say that it was a pleasure to follow the hon. Member for Bournemouth, East (Mr. Ellwood), and I was not going to talk about Afghanistan, but I have to pick up on the point about money spent on women in Helmand province. One issue that I picked up when I was there was that money was being spent on widows. Without a man to support them, in their community they have nothing. The projects that I saw are training women to set up their own businesses. Micro-finance is enabling them to be respected in their community and to bring money into that community. That is the future of Afghanistan, so I would not say that that money was wasted.

To come back to what I had planned to talk about, like most hon. Members, I attended a Remembrance day service in my constituency yesterday. The poppy is symbolic of the famous battlefields of the first world war: the Somme, Passchendaele, Ypres. In some ways, it was more simple then. There was a clear enemy, a real threat of physical invasion, one side ranged against the other, trench warfare and a war of attrition, in which each side sustained the most horrendous losses—20 million deaths, civilian and military.

World war two was even worse. Over 100 million soldiers were fighting across the world and the casualties were even greater—estimated at over 70 million, civilian and military. However, it was still nation states against nation states. Even the more recent Falklands conflict was nation state versus nation state, an actual invasion of sovereign territory and an easy concept for the British people to understand and get behind.

In contrast, today's action in Afghanistan is much more complex, much less black and white. There is not a direct threat of invasion but an indirect threat to our security through terrorism. It is not nation state against nation state, but a coalition of forces supporting the elected Afghan Government in order to prevent the country from slipping back into a base for terrorism with which to threaten us.

Iraq is more complex still. I do not intend to go back into the whys and wherefores of how we got into the situation, except to say that I have a sizeable Kurdish community in my constituency and the Iraqi Kurds suffered the most under the brutal regime of Saddam Hussein and had been calling on us in the west for years to rid them of that evil dictator.

In the Gracious Speech, Her Majesty stated that the Government will work closely with the Government of Iraq

"to deliver security, political reconciliation and economic reconstruction."

We need to leave behind the arguments about the invasion and focus on the here and now, as Iraq will continue to be a major issue in British and western politics for many decades to come. Calling for troops out now is too easy and does a disservice both to the good work being done by our servicemen and women stationed there and to the Iraqi people.

All that the majority of people hear about Iraq is blood, bombs and failure, but while of course that is a large part of the picture, there are other facets of modern Iraq. We should not forget the emergence of a plethora of democratic political parties, and elections in which more people have participated than in the UK. We should also not forget the emergence of a new independent civil society and chiefly the renaissance of the labour movement. Trade union membership has increased from virtually hundreds to hundreds of thousands in four years—probably the biggest single growth of trade unionism in the world. Those unions are organised on non-sectarian lines and wish to contribute to a growing federal and democratic Iraq after nearly four decades of fascist-type rule under the Ba'ath and Saddam.

In addition, there is the exemplary success of the Kurdistan region in Iraq, which I aim to visit in the next few months. Kurdistan today is relatively prosperous, with a more developed economy than other parts of Iraq—unsurprising perhaps, given its relative security. The region has a young and increasingly prosperous population of nearly 4 million people, seven universities, two of which teach exclusively in English, and a returning diaspora providing a skilled work force with English as a second language. The relative security and stability of the region has allowed the Kurdistan regional government to sign a number of investment contracts with foreign companies, and in 2006 we saw the first new oil well drilled in the Kurdistan region since the invasion of Iraq.

We should not forget that that region suffered terribly under Saddam's brutal regime. It was on the receiving end of the Anfal campaign of the late 1980s, where thousands of civilians were killed during chemical and

[Sarah McCarthy-Fry]

conventional bombardment. Between 100,000 and 200,000 Kurds lost their lives and some 2,000 villages were destroyed. They have been able, since what people here in the UK commonly call the invasion and what the Iraqi Kurds commonly call the liberation that came in 2003, further to rebuild the region with more democratic and unified institutions, a thriving economy and external investment, and their leaders are making a massive contribution to holding Iraq together.

That is not an easy task. We have only to look at the Kirkuk situation. Kirkuk is seen as a historic part of the Kurdistan region, but Saddam forcibly expelled many Kurds from the city and settled it with his supporters. It is one of the most bitter issues in Iraqi politics. However, it has been agreed that there should be a referendum by the end of this year, although it may well run into next year. Kirkuk is an oil-rich city and I note that the Kurdistan regional government has committed itself to sharing the oil revenues from the area, as other Iraqi oil resources are to be shared, roughly on a per capita basis. I hope that the Secretary of State for Foreign and Commonwealth Affairs will add his weight to the calls for the agreement on Kirkuk to be implemented.

I was pleased that the Secretary of State for Defence found time in his schedule to visit Kurdistan recently. He stated:

"The Kurdistan Region shows what can be achieved when people cooperate and work together. This is a very strong example for the rest of Iraq. With better security, the rest of Iraq can follow this model."

I wholeheartedly agree. President Masoud Barzani praised the Secretary of State's visit, saying that it came at an opportune time. He thanked the UK for its role in the liberation of Iraq. Regarding the current tension between Turkey and the PKK, the President called for brotherhood between Turks and Kurds. He said:

"Military action to solve the current tensions between Turkey and the PKK will benefit no one. We believe that only dialogue can secure a long lasting solution."

In an earlier meeting between the Secretary of State and Prime Minister Nechirvan Barzani, the Prime Minister thanked the British leadership and the people for the important role that they have played in Iraq since 2003. Prime Minister Barzani emphasised that Turkey was an important trading partner and that the Kurdistan regional government was ready to do whatever it could to defuse tensions. The Kurdistan regional government does not support the actions of the PKK and it believes that only through dialogue and communication can a permanent peace be found.

There are reasons to be positive. Events in the past few days have been both significant and promising. Just last week, eight Turkish soldiers who had been captured by Kurdish rebels were released and the EU has demonstrated that it is prepared to engage on the issue.

On 23 October, my hon. Friend the Member for Blaydon (Mr. Anderson) and I met members of the Kurdish community from my constituency and Ms Rahman, the Kurdistan regional government's high representative to the UK, who reiterated its commitment fully to engage in dialogue with Turkey. That is in Turkey's interest, too. I look forward to the day when Turkey becomes a full and active EU member, but with that right comes responsibility. Turkey can represent a proper bridge to the middle east, but that must never be at the expense of minority rights within Turkey. The EU's norms and values are expressed not by the prevailing religion but by our attitudes of tolerance and respect for those of different faiths and cultures. Turkey's drive towards modernisation and Europeanisation holds the key to that. Turkey's Prime Minister has said that the solution to "the Kurdish problem" lies in

"greater democracy, greater rights, greater social and economic development - in short Turkey's Europeanisation."

I entirely agree. Turkey must engage with its own Kurdish population, and be prepared to work with the Kurdistan regional government in what is, after all, their mutual interest.

Kurdistan is a model for how Iraq should be: relative peace and stability leading to investment and reform. It is vital to the west, to Turkey and to all neighbours in the region that Kurdistan continues to flourish. We should be doing all we can to help that to happen. I have spoken of the growing trade union movement in Iraq. When some of my colleagues visited Kurdistan last year, they held a five-hour discussion with union leaders from around Iraq where the message was simple: "Help us to stand on our own two feet and contribute to social justice." Trade unions can help to contribute to social justice, as has been demonstrated over the years in this country.

Just the other day I had the privilege of meeting the visiting Kurdistan region youth and sports Minister, who told me that Iraqi Kurds are fanatical about football and that the Arbil team from Kurdistan was the Iraqi team in the Asian cup. I was very pleased that my hon. Friend the Under-Secretary of State for Culture, Media and Sport was able to join us and to promise to help to promote greater sporting links between the UK and Kurdistan.

The Secretary of State for Defence (Des Browne): I want to take my hon. Friend back to her previous subject—that of the importance of free trade unions as a part of a developing civic society. I do that because on both occasions when my hon. Friend has mentioned trade unions it has generated a degree of mirth on the Opposition Benches. Does she agree that there is a consistent process of dictators and despots attacking and killing trade unionists in order to undermine civic society across the world? The people of northern Iraq, or Kurdistan as it is known, were not free from that process during the time of Saddam Hussein, which stresses the importance of free trade unions being allowed to operate in Kurdistan.

Sarah McCarthy-Fry: I entirely agree and I hope that Opposition colleagues, rather than laughing at something that is helping to bring about the reconstruction of civic society in Iraq, would be part of the process. Tomorrow sees the inaugural meeting of a new all-party group on the Kurdistan region in Iraq. I urge all hon. Members, particularly those from the Opposition Benches, to come along and do what they can to help.

Whatever the arguments about the recent history of Iraq, we surely all agree that its future is vital. A secure Iraq, confident in its future, means a secure near

neighbour and trading partner and better lives for the Iraqi people. It means that the sacrifices made by our servicemen and women will not have been in vain. Let this unravel, however, and the situation will be too awful to contemplate. No region of Iraq is more central to this struggle than that of Kurdistan. I welcome the Secretary of State's recent visit and I urge the Government to continue to give this issue full and proper attention.

8.13 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con): I want to address my comments entirely to the proposed EU reform treaty. As I outlined at length in the debate of 20 June on Europe, I am a natural pro-European. I thank the right hon. Member for Leicester, East (Keith Vaz) for his kind comments about my enthusiasm for Europeans in general and eastern Europeans in particular. Nevertheless, I remain deeply sceptical of the direction of the EU at the moment.

The Economist last month called the EU

"an institution desperately short of legitimacy and accountability"

and I agree. I am not someone who is opposed per se to European co-operation or even to the pooling of sovereignty in certain areas such as, for example, in the administration of trade policy. But I believe that any new and/or significant transfer of power to Brussels needs to fulfil two important criteria. The first is that the British people must vote democratically for it to happen; the second is that the ensuing structures and processes in Europe must themselves be democratic. Both are crucial, yet neither is being fulfilled by the treaty that we will be considering at length this Session.

I wanted to focus my comments less on the process—it does not really need to be said any longer that the process of arriving at this treaty has been deeply dishonest and full of subterfuge, practised both by those proposing the new treaty and by the Government here in the lead-up to signing it—and principally on the contents. We are in danger of becoming too fixated on manifesto pledges and red lines—important though they are—and we need to get across what is wrong with this treaty and how it is against British interests. I will outline seven areas of particular concern.

The first was talked about at length by my right hon. Friend the Member for Richmond, Yorks (Mr. Hague): the role of the new EU President. As he rightly pointed out, the federalist vision is that the position be eventually merged with that of the President of the Commission. Giscard d'Estaing said:

"We will probably have to have at least two executives in the beginning".

The UK fought in the drafting of the constitution against any merging, but the new treaty will allow for it. The final text states only that

"the President of the European Council should not hold national office"

but it is quite possible for him or her to be the President of the Commission. Suddenly we would have a very powerful head of the Executive, combining the roles of the President of the Council and of the Commission, but crucially he or she would be unelected either by the peoples of Europe or even by the Parliaments. Giuliano Amato, the vice-president of the convention that drew up the original EU constitution, has even explicitly called for the two positions to be merged before 2015.

"Can an animal with two heads survive for long?"

he asked.

On the EU Foreign Minister and the EU Diplomatic Service, the UK's hard-fought-for position at the top table of the UN Security Council is under threat. Under the treaty the UK at the UN

"shall ask that the High Representative be invited to present the position of the Union"

when

"the Union has defined a position on a subject on the agenda of the UN Security Council."

The UK fought twice during earlier negotiations on the constitution to have this struck out and was twice unsuccessful. The clause is with us today.

The third area of concern is the self-amending nature of the treaty, another important provision that was re-introduced from the constitution. At present, the EU treaties can only be amended by an intergovernmental conference, which must then be ratified in each member state, by Parliament or by referendum. However, article 33(2) of the new treaty allows the Council to vote by unanimity to change any of the text of part 3 of the treaty on the functioning of the Union, which is basically all the detail of the treaties.

I could talk about the vetoes that have been abolished and the reduction in our ability to block EU legislation, but I will mention instead the single legal personality, which for the first time would allow the EU, rather than member states, to sign up to international agreements on foreign policy. I take the House back to the words of Tony Blair after the Amsterdam treaty:

"Others wanted to give the European Union explicit legal personality across all pillars of the treaty. At our insistence, that was removed".

Ten years later, it has come back.

I want to talk about the duty of national Parliaments under the new treaty. The text says that the national Parliaments, including our own, will have a duty to

"contribute actively to the good functioning of the Union."

National Parliaments, unlike the European Parliament, were not creations of the treaties and their rights are not dependent on the treaties. Indeed, the new treaty proposes, for the first time, that national Parliaments be subservient to the Union. The new treaty still says that

"National Parliaments contribute to the good functioning of the Union"

and that they are "seeing to it" that subsidiarity be respected. For the first time, European government is ordering national Parliaments how to behave, which is deeply worrying.

The final and most important point concerns the charter of fundamental rights and the European Court of Justice. They will take from the UK Parliament a significant amount of our ability to govern ourselves, especially in areas of criminal justice and home affairs. On 18 June, Tony Blair told the Liaison Committee that the UK

[Mr. Greg Hands]

"will not accept a Treaty that allows the Charter of Fundamental Rights to change UK law in any way."

That was one of the red lines. The excellent report from the European Scrutiny Committee—of which I am proud to be a member—described in clear detail how this red line has been crossed. The charter of fundamental rights applies to member states when implementing Union law.

Our report raised the question whether the UK would be bound by ECJ case law when the ECJ interprets the charter in relation to implementation and cases in other EU members states—and particularly cases where the same measure has been implemented in the UK. In other words, ECJ judgments would form part of the case law which the UK courts would be obliged to follow in this country so that EU law is applied consistently across the EU.

The Chairman of the European Scrutiny Committee, the hon. Member for Linlithgow and East Falkirk (Michael Connarty), said of the protocol that Tony Blair and his successor as Prime Minister believe they have negotiated that

"it will leak like a sieve."

The former Prime Minister said that the charter would not apply in the UK at all thanks to the protocol, but I am now certain that he was wrong. Moreover, the current Minister for Europe seems to agree. He said to the Committee on 2 October that the protocol

"is a statement of how the Charter provisions will apply in the UK",

which is rather different from saying they would not apply at all. In practice, the European Scrutiny Committee pointed out in its excellent report of 2 October how the red line has been totally breached.

During the past two and half years that I have been a Member, the euro has been a neglected topic in this House. I wanted to compare the Government's handling of the treaty and the broken promises made to their commitments on the euro. I ask Members whether it is just me who thinks that the four red lines on the treaty are not unlike the five economic tests on the euro. They are lines and tests that are self-declared, self-policed and—in my view—destined to be broken. The commitment to the referendum on the treaty sounds not unlike the commitment to a referendum on the euro; the commitment was put in place to kick the issue into touch before a general election—in the case of the euro, the 2001 general election, and in the case of the treaty, the general election of 2005. I believe that the Government will ultimately renege on that commitment to hold a referendum on the euro in the coming years.

I might be the only Member who has read the Cabinet Office document "Global Europe", which the Prime Minister launched in this House to great fanfare on 22 October. There is virtually nothing in it, so nobody has missed a great deal. It is like a "Brodie's Notes" on how the European Union functions for one of the Government's very straightforward GCSEs. The only new ideas in it that the Prime Minister announced on 22 October sounded terribly familiar to me, so I checked and discovered that I had, indeed, heard most of them before. They were the same ideas as appeared in a speech by my right hon. Friend the Member for Witney (Mr. Cameron), the Leader of the Opposition, in Brussels in March. I invite Members to draw comparisons. The Prime Minister told us last month that

"the priority for the European Union must now be the global challenges that we face in relation to employment, prosperity, competitiveness, climate change and security. Today—in a document, "Global Europe", published this afternoon and available to the House now—the Government set out how we will advance those new priorities in the future."—[*Official Report*, 22 October 2007; Vol. 465, c. 19.]

He also talked about the EU's role in "reducing global poverty", climate change and competitiveness. Let us compare that with the Leader of the Opposition's speech in Brussels in March. He said:

"The EU should be focusing on three things. First, the economic challenge of globalisation. Second, the environmental challenge of climate change. And third, the moral and security challenge of global poverty. What needs doing? Globalisation. Global warming. Global poverty. I think of these as the priorities of a 3G Europe."

The two speeches are almost identical. The big difference is that the Leader of the Opposition's speech came seven months earlier.

Of course there are issues of trust, issues of manifesto pledges broken, issues of red lines being red herrings, red lines being breached and so on. But it is not just the process that concerns me. What is proposed are fundamental changes to our national sovereignty and the weakening of our role as one of the five permanent members of the UN Security Council. We will have two foreign services, one of them UK, the other EU, and the latter will inevitably gain at the expense of the former The new EU President will, when the role is combined with the president of the EU Council, be an all-powerful Executive figure who, crucially, is unelected. Most of all, this Parliament and the UK courts will lose significant powers to the ECJ in relation to the interpretation of our laws in many important areas.

As was said at Laeken at the start of this EU constitution process, we desperately need more democracy in the EU. Yet this treaty offers less democracy, not more. Moreover, I do not believe that this Parliament has the right to bind its successors to the surrender of all those powers.

8.25 pm

Martin Linton (Battersea) (Lab): It is a pleasure to speak following so many interesting speeches on Afghanistan, such as those of the hon. Member for Bournemouth, East (Mr. Ellwood) and my hon. Friend the Member for Newport, West (Paul Flynn). Like many other Members, yesterday I attended a Remembrance service where we remembered a member of my local Territorial regiment—the London regiment—who died in Afghanistan. I shall write to my right hon. Friend the Secretary of State for Defence on a number of issues that the regiment raised with me.

Like the previous speaker, the hon. Member for Hammersmith and Fulham (Mr. Hands), I shall concentrate my comments on one subject, although in my case it will be what was referred to in the last part of the Gracious Speech: the commitment to a peace settlement between Israel and Palestine. I am a strong supporter of

a two-state solution, and I welcome the Foreign Secretary's restatement of his total commitment to that. He and his predecessors should be commended for getting the Americans to support that solution and for getting it back on the international agenda. However, I must say that I am extremely pessimistic not only about the outcome of the conference in Annapolis but about the prospects of a two-state solution in the foreseeable future.

I deplore the tendency to split people into two camps—pro-Israeli and pro-Palestinian—as though they were mutually exclusive. I regard myself as as much a friend of the Israelis as of the Palestinians, and it is as a friend of the Israelis that I say that the essential first step towards a settlement—the pre-condition of the success of any talks—is the relatively simple and straightforward measure that can be taken now of stopping expanding settlements on the west bank. Many people in our country believe that the Israelis have already done that—or at least have agreed to do that—as part of the road map, but having visited the west bank in September I can assure the House that the bulldozers and cranes are still busy building new houses in Ma'ale Adumim to the east of Jerusalem and many other settlements in the west bank. We are not talking here about just outposts that the Israelis accept are illegal; we are talking about a huge new town of 30,000 inhabitants being built, and since the road map 3,500 houses have been built midway between Jerusalem and Jericho along the narrow waist of the west bank, effectively cutting it in two.

I put that to a senior official of the Israeli Foreign Affairs Ministry. He made no attempt to deny that settlements are still being built. He justified it by saying that the commitment to a settlement freeze in the road map is at the end of phase one and he said:

"we have not got there yet."

I put it to him that nothing was more certain to ratchet up the tension and deepen the hatred felt by many Palestinians towards the occupying power than seeing the continuous expansion of settlements and watching them encroach on more Palestinian land every day. I found his answer deeply depressing. He said that calling a halt to the expansion of settlements could be seen as a victory for terrorism, and the Israeli Government would not do anything that could be seen as a victory for terrorism. I think that the truth is the reverse, and I should be interested to know whether my right hon. Friend the Secretary of State agrees with me and will make the point to the Israeli Government that the policy that does most to strengthen the extremists and weaken the moderates among Palestinian politicians is the continued expansion of the settlements. How can moderate Palestinians claim that the ceasefire and the peace process are working if every day more and more Palestinian land is built on?

I liken the Israeli position to that of somebody who stands on somebody else's toes and says that they will get off only when that person stops screaming. The official Israeli line is that the settlements are what t'.ey call a "resolvable issue", and that they are not what the Palestinians care most about.

Mr. Hendrick: Does my hon. Friend agree that, in addition to the settlements, the so-called security wall or barrier, which is cutting its way not so much through Israeli land or down the green line as through large swathes of Palestinian land, is also a major barrier to the peace process? In addition, the hundreds of checkpoints around the west bank are slicing up the Palestinian economy in a way that is making Palestine as a viable state less and less likely.

Martin Linton: Indeed, the settlements and the closures are closely interlinked. Contrary to the opinion of many in this country, there is not only the wall that separates the west bank from Israeli but many internal walls within the west bank. In fact, there are far more walls and fences within the west bank. I put that point to Dr. Fayyad, the Palestinian Prime Minister, who said that the settlements are the central problem—indeed, he went so far as to say that they created Hamas in the first place. I think he is likely to be right, not only because he is a Palestinian politician and should know but because that is the answer that we get from all Palestinians. They blame the breakdown of talks on the increasing number and size of settlements and on the closely connected matter of closures.

My hon. Friend is right: according to the United Nations, the total number of settlements in the west bank is now 149, and the number of checkpoints, road gates, roadblocks, restricted roads, trenches, earth mounds and flying checkpoints is 553. There are checkpoints not just as people go in or out of the west bank—there are only eight of those—but internal roadblocks, built to accommodate and defend the settlements. They also have the effect of encircling every Palestinian town and city with a ring of roadblocks that have strangled almost all the life out of the Palestinian economy.

The situation in the west bank is nothing like as bad as that in Gaza, which I also visited along with colleagues from both sides of the House. I believe that we were the first group of MPs to visit Gaza since the Hamas takeover and the release from captivity of Alan Johnston. We did so with the help of the UN and the Welfare Association (UK). We visited an industrial estate where almost every factory was closed. The borders are closed to everything except food and medicine, which has meant not just that 80,000 Gazans have lost their jobs in Israeli factories, but that all the Gazan factories have closed because they cannot get supplies or fulfil their orders. As a consequence, 80 per cent. of the population of Gaza are now unemployed and 80 per cent. live below the poverty line. Perhaps most dangerous of all, 20,000 students come out of the Gazan education system each year without a single job to go to. As a business man told us:

"We live in a pressure-cooker situation and if the pressure isn't relieved soon, it's going to blow up."

Although Gaza has the worst problems in the occupied territories, and Hebron probably has the greatest tension, with the city centre having been turned into a ghost town to protect the Jewish settlement, to my mind the northern part of the west bank is the key to any settlement. If a Palestinian state is to be viable, it must be viable there. Of course, life goes on for most people in such cities as Nablus. It is still possible to get to and from work, although people may have to wait anything from half an hour to an hour at a roadblock. It is still possible to get to hospital, although in some cases the journey is a lot longer: from one village, an average of 45 minutes has

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been added to the journey to hospital. But although individuals can survive in the west bank, life is being slowly strangled out of the economy. Nablus has always been a great commercial centre, but the roadblocks, fences and checkpoints are slowly killing the economy. That applies even more to such cities and towns as Qalqilya, which is surrounded on three sides by the wall, which of course Palestinians cannot pass.

Before I am accused of being an extremist, I should say that Palestinians who support terrorist organisations are extremely misguided and are acting against their own interests. However, if the Israelis go on expanding the settlements, they must expect that terrorists will get more recruits. I claim no originality in that view, because everything that I am saying is being said by Israelis as well as by Palestinians. Brigadier-General Ilan Paz of the Israeli defence force says:

"After seven years in which people are not able to move freely in and out of their home towns, after so much distress has built up, so much humiliation, depression and hopelessness, not only are these interior checkpoints inhuman, but they also create an atmosphere that can actually cause terror, not prevent it".

I oppose terrorism, but I predict that if the Palestinian towns are encircled and their economies are strangled, as is happening in the west bank, and if they are besieged and effectively imprisoned and impoverished, as is happening in Gaza, people will lash out in any way they can and the situation can only get worse. Again, that is being said by Israelis and not just by outsiders. Ami Ayalon, the former head of the Israeli security services, recently said:

"People say that Palestinians behave like madmen. It is not madness but a bottomless despair."

I agree with him on another point that he makes: if one wants to preserve the Jewish and the democratic character of Israel, the only way to do so in the long term will be to create a Palestinian state. Expanding settlements is not only against the law, the Geneva convention and any number of United Nations resolutions, but it is against Israel's self-interest.

Some cynics even now say that Israel does not want peace, it wants Palestine. It already has 78 per cent. of the land of historical Palestine, but as a result of the wall, military zones and the creation of military-only areas in the Jordan valley, it will have 88 per cent., leaving only 12 per cent. of the original historical Palestine for the Palestinians. One can only forgive Palestinians for thinking that the Israelis' secret agenda is to take the whole of Palestine and to allow the Palestinian population to be dispersed or disfranchised or disempowered in small enclaves.

I am not a cynic, and I take the Israeli Government at their word when they say that they want peace and a two-state solution, but I end with two questions. The first was put to us by a Palestinian neurologist. He asked:

"If you are serious about a two-state solution, is not the first thing to do to call a halt to the expansion of settlements?"

I add a question of my own. Is it not time that the UK Government lent their support to the United Nations' using the powers in chapter VII of its charter to enforce the will of the vast majority of its members that there should be an end to the expansion of settlements in the west bank?

8.38 pm

Mr. Mark Hendrick (Preston) (Lab/Co-op): The Gracious Speech by Her Majesty the Queen outlined the direction and the plans of this Government for the coming months and years. Increased security and the encouragement and spread of democracy are integral to those plans, and I will seek to cover some of the key policy areas that affect our relations with other countries and our national security.

Our national security faces many threats: the threat from climate change; the threat to our energy security; the threat from international terrorism; and the threat from weapons of mass destruction. Many of the threats are overlapping or interrelated: for example, our approach to climate change is very much affected by meeting the challenges that we face in terms of our energy supply and consumption, and indeed our energy security.

Europe has limited indigenous energy production capacity. By 2030, the EU is expected to import 94 per cent. of its oil needs, 84 per cent. of natural gas consumption and 59 per cent. of solid fuel used. The dispute between Russia and Ukraine over natural gas prices in January 2006, and more recently Russia's dispute with Belarus, highlights the risks of dependence on a limited number of energy suppliers. The disputes did not directly affect exports to Europe, but raised doubts about Russia's reliability as a source of energy.

The middle east is the most important energy producing region in the world, but one of the most politically unstable. Tensions over Iran's nuclear programme have intensified concerns about the stability of supply. In Iraq, tens of billions of dollars are required to bring the oil industry's output back up to its 1978 peak of 3.5 million barrels per day. That capital has not been invested because of the continuing attacks on the country's infrastructure and work force, and uncertainty about its political and legal structures.

In zones of conflict or where there is political instability, there is considerable scope for "non-state actors" to target oil and gas resources in pursuit of their objectives. Al-Qaeda has threatened to attack what Osama bin Laden calls the "hinges" of the world's economy—its infrastructure—of which energy is the most crucial element. Two countries where local groups have been targeting foreign oil companies are Colombia and Nigeria. The latter has become a particularly dangerous environment for oil companies and their staff over the past decade. In 2003, Royal Dutch Shell closed its operations in the western Niger Delta region of Nigeria due to increasingly violent unrest.

It is clear that change in climate, resource scarcity and insecure supplies of energy will have a massive impact on our world. The consequences include growing geopolitical tensions over remaining oil supplies, including a new scramble for Africa's oil and gas. Conflict zones in Africa are associated with the possession of energy sources, and future superpower rivalries may result from the competition.

In his review for the British Government, Sir Nicholas Stern summarised the far-reaching consequences of inaction on climate change, which will include problems with food security; water security; and immigration and migration. Wars fought over limited resources—land,

fresh water and fuel—have been commonplace throughout history. By reducing those resources in some of the most volatile parts of the world, climate change creates a new and frightening prospect for conflict.

The UK is showing strong global leadership in that area. The Climate Change Bill, outlined in the Gracious Speech, will make our country the first in the world to set out long-term targets to reduce greenhouse gas emissions. The Bill will create a legally binding commitment to the Government's target of a 60 per cent. reduction in carbon emissions by 2050. In doing that, it will create a new approach to managing and responding to climate change in the UK through strengthening the institutional framework. It will also establish clear and regular accountability to Parliament and the devolved legislatures.

In March 2007, my right hon. Friend the Prime Minister—when he was Chancellor—announced the new £800 million environment transformation fund, which will help developing countries to adopt low carbon technology, adapt to climate change and preserve their vital and diverse ecosystems. My right hon. Friend the Member for Derby, South (Margaret Beckett), the former Foreign Secretary, took the climate change debate to the Security Council earlier this year, highlighting its importance to international security.

The UK is also committed to action undertaken by the EU. In March this year Britain and other European nations agreed to the following goals, which are to be achieved by 2020—a 20 per cent. reduction in EU greenhouse gas emissions, as compared with 1990 levels; an increase in the use of renewable energy to 20 per cent. of all energy consumed; and an increase in the use of biofuels to 10 per cent. of all fuel used in transport.

Globalisation has led to a number of issues that will be addressed successfully only by co-operating with other organisations such as the EU, the G8 and the United Nations. That is why the Government are committed to working multilaterally. The Department for International Development, for instance, spends two fifths of its budget through the multilateral system. Multilateral action is not a soft option. In Afghanistan, British forces work alongside forces from more than 30 different countries as part of a NATO operation, backed by a UN mandate. That is alongside the development and humanitarian assistance provided by the EU and the UN.

Multilateralism does not replace the need for good bilateral relationships, and that is why the UK will continue to work, and develop its partnership, with the United States. The political reality is that the US not only shares our values but is the world's largest economy. As such, it has the potential to be an enormous force for good to many nations around the world.

Britain plays a leading role in the EU. The President of the European Commission has commented on the UK's importance to Europe, and that importance has been demonstrated in many ways. On climate change and energy, UK support was vital in putting the emissions trading scheme in place so quickly. On security and defence, in 2005 Britain was the biggest contributor of troops to European security and defence policy operations. Our Labour Government made Africa a priority for the British presidency of the EU and the G8. As a result of that influence, Britain's special relationships—for instance with China and India—have been enhanced. Those connections will ensure that the UK will always have influence in Europe. Angela Merkel said recently that it would be impossible to imagine the EU moving forward without Britain.

The Labour Government are committed to ratifying the European Union reform treaty, which makes institutional changes that will enable an enlarged EU to work more effectively. There will be more continuity, with six-month presidencies being replaced by two-and-a-half-year presidencies. There will be more efficiency, as the treaty will cap the number of European Commissioners at two thirds of the number of member states. There will be more fairness, as there will be a new, more representative, voting system, and our share of the vote will increase. There will be more democracy, because national Parliaments will get a direct say in EU decision making for the first time, and can challenge a proposal if there is an object by one third.

Mr. Hands: The hon. Gentleman is extolling the virtues of the treaty, but if it is so excellent why is he not willing to fulfil his manifesto commitment to put the matter to a vote of the British people in a referendum?

Mr. Hendrick: The commitment to a referendum was based on the constitutional treaty that was originally agreed. Since then, of course, there has been a period of reflection. People have gone back to the drawing board and redrafted it; it is now not a constitution but an amending treaty to existing treaties.

The treaty will give Britain more weight in the world, as there will be a new high representative for foreign affairs and security policy, and there will be more transparency. In plain words, the rights of citizens of member states will be better than they were. It is important to stress that with all these changes UK sovereignty remains intact. Our tax and social security systems are protected, as are our police and judicial systems. Our labour and social legislation remain unchanged and our independent foreign and defence policy is maintained.

I say to my right hon. Friend the Foreign Secretary that our diplomatic approach to the middle east peace process, and finding a solution that will yield a viable Palestinian state, are key to peace in the middle east. Palestinians are living in terrible conditions in the west bank, and Gaza is a tragedy. We must do everything in our power to bring about the creation of a sustainable Palestinian state if we are to begin to solve our wider problems in the middle east, and I agree with many of the comments made by my hon. Friend the Member for Battersea (Martin Linton).

As the British ambassador put it, bringing peace to Afghanistan was always going to be

"a marathon, not a sprint".

Since 2001, much progress has been made. The Afghan people were able to vote in presidential and parliamentary elections, and they now have their own constitution. Despite much of what has been said today, a great deal of progress has been made, particularly with regard to health. Since 2001, health services have been expanded, reaching 82 per cent. of the Afghan population, and there are now 856 standard health facilities. A great deal of progress has

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also been made on Iraq. In the past four years we have helped to train and equip over 13,000 Iraqi army troops. Three of the four provinces in which British troops are engaged have been handed over, and there has now been a move to Basra city.

Equally, there are still problems in Iran; the situation there, particularly in respect of nuclear development, is a matter of grave concern. As the Foreign Secretary has stated, the UK fully respects Iran's right to security. However, that should not allow it to undermine the stability and security of its neighbours. An international coalition has been brought together to address concerns about Iran's nuclear programme.

Since General Musharraf declared a state of emergency in Pakistan last week, thousands of people have been arrested, judges have been dismissed and detained, and rallies have been banned. The British Government have been swift in voicing their concern. Pakistan is a vital partner for the UK in tackling the serious threat of terrorism and extremism. It is also integral to our operations in Afghanistan and the related issues of the proliferation of weapons and drugs. Neither Afghanistan nor Pakistan can be stable while Pakistan is so divided, and greater unity will require a more legitimate Government.

The threats that we face as a nation can be met only by working through international multilateral institutions with our partners and encouraging good governance and democracy throughout the world. We live in very difficult times. We have had 10 years of Labour Governments. Looking forward, I am sure that many threats are still to come. However, the past 1,000 years of our history have shown that we are a nation that can adapt quickly to a fast-changing world, and I am confident that we will adapt to the challenges and threats posed by the 21st century.

8.51 pm

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I am particularly pleased to take part in this debate on the Gracious Speech in respect of defence. It is most appropriately timed, given that yesterday was Armistice day. I am sure that, up and down the country, virtually all of us took part in Remembrance day celebrations, along with millions of others in an act of remembrance of the sacrifices made by our armed forces in past and current conflicts.

The debate is appropriate because one of the issues raised by our armed forces and the Royal British Legion is society's perceived lack of appreciation and support for our forces. Related to that is the ongoing debate on what support we should give our troops and their families at home and in theatre. We understand that our armed forces feel that they are not valued; sometimes that can, in part, be the result of the intemperate language used and accusations made in this House and sometimes in the media.

It is perfectly legitimate to have policy positions different from those of the Government and to question the Government when things go wrong. However, in the past few months I have heard inaccurate accusations and comments that call into question the Government's commitment to our armed forces. The Government are totally committed to our armed forces and totally appreciate their strength and professionalism and the sacrifices that they make. Ultimately, we will be judged by the financial commitment that we make. Under this Government, that will be a real-terms 1.5 per cent. increase per year; there were cuts during the five years that preceded the fall of the previous Conservative Government. I shall return to the issue of funding later.

If attendance at Armistice day ceremonies is any indication of public attitudes, there is a growing understanding of the sacrifices made in the past and a feeling that we must do more in future. That is due to a number of factors. First, today's global media coverage shows daily reminders of the horrors that our troops have to endure and their bravery on the front line in Iraq and Afghanistan. Credit must also be given to the Royal British Legion for the contribution that it makes. It not only supports veterans and their families but plays an active role in local communities by educating young people on the role of our forces and demonstrating how they provided young people with the freedoms that they enjoy today.

It is not fashionable to say so, but the Government must take some credit for their work in providing veterans' badges, their support for the D-day, VE and VJ celebrations, and their support for the national memorial centre at Alrewas, which was commented on by my right hon. Friend the Member for Islwyn (Mr. Touhig) and is a demonstration of the support that the Government are giving to recognising and remembering the role that our troops play.

In that context, I want to pay tribute to a person from my constituency, the late John Bayliss. On Sunday 4 November, I attended a ceremony at the national memorial arboretum where a tree was planted in memory of John, who was president of the Tipton branch of the British Legion. In that capacity, he was the driving force behind not only raising thousands of pounds for the legion but getting war veterans—ex-servicemen—into local schools to tell young people about their experiences, providing pupils with living history. He was particularly active in supporting initiatives in Alexandra school and Great Bridge primary school. He also provided constant socials and support for war veterans in the locality. It is fair to say that, because of that, in my constituency there is probably a greater level of understanding and appreciation of the work of our forces. John died in June, but his legacy will live on. Others like him work day in, day out in other branches of the legion. They add enormous value to the work that the Government have done on the appreciation of our armed forces.

However, we must recognise that that appreciation will not in itself deal with the range of needs of service personnel, and that must be addressed. The change is being brought about by the expertise and lobbying of the Royal British Legion through its honour the covenant campaign. The issues that it has raised about the way that society views and treats service personnel, and what level of support they should receive, challenge both Government and society. I have heard Opposition Members pray in aid evidence from the campaign in criticising the Government. I would point out that in the recent debate on the third sector review many of them were critical of the Government's

support for the role of charities and voluntary organisations in so-called political campaigning, as opposed to party political campaigning. The legion's campaign for the covenant is a political campaign, but it should be welcomed as a clear demonstration of the importance that voluntary and charitable organisations can have in the development of Government policy.

When I speak to veterans of the second world war, many of whom are on low incomes, I am amazed by the modesty of their expectations from the state, in complete contrast to the enormous sacrifices that they made for it. Successive Governments have failed in the past to provide what servicemen could reasonably expect, and I am pleased to say that this Government are trying to change that. I applaud their efforts to provide a better deal for our current servicemen. While it is important to debate their future needs, it must be recognised that much has already been done to right historic wrongs. Better pay, operational allowances, welfare packages, support for the bereaved and better medical support have all been provided in recent years. That is particularly true for servicemen or ex-servicemen with mental health problems. The money given to Combat Stress, and the support provided for individuals to obtain mental health consultation, is an indication of that.

Housing is still a huge problem for service personnel and their families. I welcome the proposed investment of £5 billion in service accommodation over the next 10 years, but I urge the Government to do everything in their power to help service personnel to buy their own homes, thereby gaining access to the housing ladder. Investment in a home has been the most important single factor in the rise in individual wealth in this country, and if we are to retain service personnel, we must ensure that they do not miss out.

I welcome the announcement of the Command Paper to be published in spring 2008. I feel that now is the right time to debate the issues highlighted by the Royal British Legion. The announcement that the Government are to take stock of current support and set out an agenda for service personnel and their families, and for veterans, is long overdue. A public consensus should be developed and a coherent policy constructed. In the past, improvements have been piecemeal—often in response to particular needs or events. That must change.

It is right that this discussion should take place at a time when the Government are proposing an increase in expenditure. I refer to the 1.5 per cent. per annum increase during the next five years. We must acknowledge as part of this debate that there will be costs. Unfortunately, while I have heard many complaints from Opposition Members, what is lacking is a commitment on their part to spend more to deal with the problems that they have been so quick to highlight.

In the defence debate in this Chamber on 16 October, there was a long discussion on the alleged reduction of defence spending as a proportion of gross domestic product, and about the proportion of the public spending budget that should be devoted to defence. The Conservative party claims that, if elected, it would share the proceeds of growth between public spending increases and tax cuts, which can only mean that public spending would drop as a proportion of GDP. In turn, if the Opposition are to sustain the level of spending proposed by this Government, they will have to increase the defence budget as a share of public spending. To date, we have heard no commitment to do so, and when challenged in the debate of 16 October, no commitment was forthcoming.

If there is no such commitment, so much of what we have heard from Opposition Members today will be just hollow rhetoric. Servicemen, their conditions and the support that we give to them should transcend petty political points. I hope that the Opposition will join a consensus with the Government in this debate to provide the funds that the British Legion proposes are necessary to support the covenant.

9.3 pm

Dr. Liam Fox (Woodspring) (Con): It is appropriate and right at this time of year to remember the sacrifices made on our behalf by those brave men and women fighting for security and freedom in Iraq and Afghanistan, and by those of previous generations. In two world wars, sacrifices were made that we can hardly begin to imagine today, so that we could enjoy the freedoms we have. Every one of us sitting in this democratic House of Commons has a particular debt to those who chose freedom over tyranny, whatever the cost to themselves.

However much we might want peace, war is sometimes unavoidable if we are to protect what we believe to be right. There will continue to be disagreements about whether or not it was right to go to war in Iraq, but I still believe that the decision was correct. The reduction in violence and attacks on our forces in Basra is surely an optimistic sign that we might be on the slow path to the greater stability and democracy that so many Iraqis want to see, and for which so many brave Iraqi politicians have paid the ultimate price. We should salute their courage.

We need to be clear, too, where things went wrong. Major mistakes and a lack of planning for the post-war period have made the conflict longer and the casualties probably greater than they might have been. That is why my right hon. Friend the shadow Foreign Secretary called again today for an inquiry into the Iraq war. The main lesson must surely be that we cannot easily apply democracy to a country whose institutions are unable to support it—a country that lacks institutions such as a market economy, a fair rule of law and a concept of human rights—and expect those institutions to develop overnight. Those concepts took a long time to develop in this country, and they will take a long time to develop properly in Iraq or Afghanistan. It is therefore essential that we set realistic expectations for achieving our noble goals.

Afghanistan remains a formidable challenge. We fully accept and support the strategic aims set out by the Government. It is essential that we create a stable Afghanistan and deny the territory to the Taliban and their allies in al-Qaeda, as my right hon. and learned Friend the Member for Devizes (Mr. Ancram) pointed out in his speech. There are those who believe that we should not be in Afghanistan at all, or that if we do not interfere, it will put us at less risk from terrorist attacks at home. That is just untrue: 9/11 came before the war in Iraq or Afghanistan. We cannot avoid confrontation with the forces of radical politicised terror groups such as al-Qaeda, because they have already chosen to confront us. Our resolve in tackling the threats that

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they pose to our values, freedoms and way of life can be no different from the resolve shown by previous generations in defeating the tyranny of Nazi Germany or the totalitarian menace of the Soviet Union in the cold war.

I hope that the Secretary of State for Defence will give us information on two specific issues this evening. The first relates to Nimrod and the second to Mastiff. There has been a great deal of anxiety as a result of the fatal Nimrod crash last year and the emergency involving another last week, particularly related to stories about fuel leaks. Can the Secretary of State tell us the latest position, and how we will balance the risk to our aircrews with the unavoidable need for aerial reconnaissance? In particular, what alternatives to reconnaissance are available from our NATO allies and what discussions have taken place? Mastiff has clearly been a great success, with improved safety for our forces on the ground. Another 140 Mastiffs are awaited. Can the Secretary of State tell us the time scale for the delivery? It would be unacceptable if we had a good solution that, yet again, arrived too late.

While we are on the subject of procurement, perhaps the Secretary of State could clarify a point for the House. On 9 October, the Minister for the Armed Forces said on the subject of urgent operational requirements:

"Since 2003, we have spent more than £2 billion on UORs. All this money from the reserve is additional to the defence budget."—[*Official Report*, 9 October 2007; Vol. 464, c. 201.]

However, when one compares the figure given by the Minister with the UOR figure in the MOD annual report and accounts, there is a disparity of about £716 million. Will the Secretary of State explain the difference between those figures? Was the Minister using the figure of the total obligated UOR spending rather than the out-turn? If that was the case, will the Secretary of State explain why there was a good enough reason to obligate the money in the first place but not to spend it? How will his new arrangements with the Treasury operate, and what does he consider will be the effect of the new UOR system on the core MOD budget?

In March of this year, the then Minister for the Armed Forces, the right hon. Member for East Kilbride, Strathaven and Lesmahagow (Mr. Ingram), announced that the time was right to reassess the future of the international military presence in Bosnia and Herzegovina and to withdraw the last contingent of British troops from the country. EU Ministers had agreed to reduce EUFOR, which followed the NATO mission that had kept the peace in Bosnia since 1995, to turn its large dispersed force structure into a smaller, centralised one and to cut troop numbers from 6,000 to 2,500.

At the time the Minister dismissed my sceptical response to the announcement. I was concerned, as we all were on the Conservative Benches, that both the foreign policy assumptions underpinning the decision and the military assessment were misguided and overly optimistic. In our view, 2007 was going to be a challenging year for the region and we needed to prepare for it properly, recognising that history has taught us that what happens in one part of that region invariably has ramifications in others.

The grounds for instability were clear. The leader of the most popular political party in Serbia, the Serbian Radical party, was about to be put on trial at The Hague on charges of genocide and Prime Minister Vojislav Kostunica was presiding over a fractious coalition that rejected any notion of independence for Kosovo and the UN's efforts to resolve the province's status. In Bosnia, separatist forces in the entity of Republika Srpska were obstructing political reforms and calling for secession. Given all those problems, was it not complacent or at least premature of the Government to talk about the normality of the security situation in the region?

Over the past few weeks those simmering tensions have started to surface. Right now we might be on the verge of the biggest crisis in the Balkans since the early 1990s. The negotiations over Kosovo will come to the crunch on 10 December, but the struggle over its future is already spilling out into the region. Serbian secessionists in Bosnia took to the streets last week in the entity of Republika Srpska to oppose the high representative's proposals to reform Bosnia's cumbersome decision-making process. The protestors brandished placards of the Russian President, President Putin. Serbia has rushed to support their cause. The senior US official in the office of the high representative told Congress last week that this was a "vital moment" in the history of Bosnia-Herzegovina and that its very survival could be determined in the next few months, if not the next few weeks. The commander of EU forces in Bosnia has sounded a stark warning, announcing that EUFOR was setting aside

"a minimum of forces for a possible intervention, in order to be sure that we can intervene again in the event of another outbreak of war",

and calling on the international community to

"pay full attention to the problems"

in the region.

If history is anything to go by, there is cause for concern. The crisis in the Balkans in the early 1990s cruelly exposed a capabilities-expectations gap between the EU's rhetoric and its ability to act effectively. Europe's hour, as it was called, had come, but the EU, unable to keep a peace that did not exist and unwilling to involve itself in conflict, failed to live up to the challenge.

Mr. Walter: My hon. Friend has struck on an important point. Will he tease out from the Secretary of State whether the EU's battle groups, which were heralded as the answer to such a crisis in Bosnia, could be deployed to meet any crisis that arises? Otherwise, the battle groups are of no possible worth whatever.

Dr. Fox: General Dannatt said that we had no reserves for the unexpected, which is one of the main problems that we could face if a further crisis emerges in the Balkans. When EUFOR took over security responsibilities from NATO in December 2004, roughly 80 per cent. of the military contingent serving in the NATO force were also members of the EU. That made the transition of authority virtually seamless. Essentially, the transfer of power from NATO to the EU simply required the troops on the ground to remove the NATO flag from their sleeves and replace it with that of the EU.

EUFOR's current strength of 2,500 troops, of which only 580 come from the core multinational manoeuvre battalion, which has real fighting capability if the security situation deteriorates, is operating in an area roughly twice the size of Wales. What is the plan if Kosovo's declaration of independence creates further instability in the region? Last week, Olli Rehn, the EU Enlargement Commissioner, played down the risk of regional instability in the western Balkans, saying:

"I don't see any reason why the Kosovo status process should provoke any instability in any other country of the western Balkans and I sincerely hope that nobody uses that as an excuse or pretext to provoke any instability in the region."

That could be a triumph of hope over experience.

I am afraid that a crisis in the Balkans could be closer than we think. In two weeks' time, EUFOR's mandate expires and, because of EU legal requirements, any military mission must have the approval of the United Nations Security Council. Western diplomats have warned that Russia could veto the decision to renew the EU force's mandate at a time when the Kremlin is unhappy with western policy on Kosovo, on the missile defence system and on other European security issues. What will EUFOR do, when its mandate ends on 21 November, if Russia uses its veto in the UN Security Council to block its renewal? Pack up and go home, or what?

My colleague the shadow Foreign Secretary has already written to the Government to outline our concerns on the matter, and to urge the Government to respond to the seriousness of the situation in the region. We cannot ignore the lessons from the past. The one thing that the region clearly needs as it passes through this difficult stage is united international support and a strong international presence. The international community has invested enormous effort and good will to help the people of the region to recover from the ravages of war, shake off a legacy of nationalism and join Euro-Atlantic structures. Thanks to this, Slovenia has now become a fully fledged member of the European Union and NATO, and Croatia is on track to join both institutions within the coming years. Those are but a few of the achievements of recent times. These hard-won successes are an example for the whole region. The next few months will be testing, but it would be completely irresponsible and unacceptable if we were taken by surprise this time.

David Miliband: The hon. Gentleman has made some quite stark points about the legal position in respect of the very delicate issues in the Balkans. His explanation of the legal situation is not exactly the same as the Government's, however. If it would be helpful for him and for the Liberal Democrats, perhaps we could arrange a meeting at which we could discuss what we understand to be the ambit of UN Security Council resolution 1244, and how it provides an important basis for these arrangements. He talked about there being a crisis within two weeks, and I would not want that to stand without his having a chance to hear that explanation.

Andrew Mackinlay: What about the rest of us?

Dr. Fox: I am grateful to the Foreign Secretary for his intervention. However, I think that it is clear from the noises off that the House would like an opportunity to get all that information at the earliest opportunity. Perhaps the Foreign Secretary might extend his invitation and offer to make a statement to the House on this worsening crisis. We have watched events in years gone by—we are not without our own measure of guilt on this issue, it has to be said—and we must ensure that we do not sit by while another crisis in the conflict develops. However, I am grateful to the Foreign Secretary for this offer, and we will certainly take up any invitation to have a briefing on the legal elements of the matter.

While there is general agreement on most aspects of strategy, on which the House takes a relatively bipartisan approach, there is profound disquiet about how the Government have handled the armed forces, as my hon. Friend the Member for Mid-Sussex (Mr. Soames) pointed out in his powerful speech this afternoon. The list of indictments against the Government's stewardship of our defence policy and armed forces grows ever longer. They began well, with a strategic defence review that had widespread support. From this, the defence planning assumptions gave rise to the defence budget. But the Government then went to war in Iraq and Afghanistan, exceeding the planning assumptions without increasing the resources appropriately. The result has been continually worsening overstretch of our armed forces, with the burden being carried ever more by service families.

The Government failed to plan properly for the aftermath of the Iraq war, and our casualty rates have consequently risen. They even knowingly sent our troops into battle in Iraq without the necessary body armour, for party political considerations. They cut the helicopter budget by £1.4 billion in 2004, when we were already involved in two conflicts. Now we have to beg our allies to fill the gap created.

The Government reduced the size of the infantry by three battalions at a time when we were fighting two major operations. Since 1997, our active aircraft carrier fleet has been cut from three to two; our frigate and destroyer fleet has been cut from 35 to 25; our attack submarine fleet will have been cut from 12 to nine—all below the numbers that the Government themselves said that we needed to implement the strategic defence review.

It is not necessary to take my word for it. Lord West, the current Under-Secretary of State with responsibility for security and counter-terrorism and a former First Sea Lord, said:

"Maybe I'm just a silly old"

fool—I paraphrase, Madam Deputy Speaker—

"but I've got 41 years experience of these things and I can tell you we need 30 destroyers and frigates for what the Government wants us to do."

To make matters worse, the Government recently abolished the Defence Export Services Organisation. That was to the delight of those who oppose the arms trade, which, as my hon. Friends the Members for Mid-Sussex and for Bournemouth, East (Mr. Ellwood) said, provides so many British jobs. Who were the happy ones? The Campaign Against Arms Trade. As CAAT news says, "DESO: We won!". That is a disgrace.

Yet for all that, the first act of the new Prime Minister, while we were still losing troops in two dangerous conflicts, was to appoint a part-time Defence Secretary,

[Dr. Fox]

who spends his time fighting both the Scottish National party and the Taliban. Again, comment from the Government's own side is most interesting. Lord Gilbert, a former Labour Minister of State for Defence, stated in the other place only a few days ago:

"The double-hatting of Defence Secretary with Scottish Secretary is one of the most disgraceful appointments that I have ever heard of. I hope that the Prime Minister realises the damage that it is doing to him, to his party, to the Government and to people's respect for government. There are people who have relatives serving in the Armed Forces, young men and women at risk. We all know that Cabinet offices in this country are part-time jobs, because one has a salary as a Member of Parliament and as a Cabinet Minister. That the Defence Secretary's job has been divided further, so that he answers Scottish Questions, is—I am trying to find a moderate word—deplorable."—[*Official Report, House of Lords,* 7 November 2007; Vol. 696, c. 120.]

That is what a senior Labour figure said.

It looks like the Government are increasingly dysfunctional and incoherent. The Prime Minister went to Iraq to announce troop reductions, which the Secretary of State knew nothing about until the last minute. Lord Drayson was so angry about being kept in the dark about DESO and the lack of support he gained in his conflict with the Treasury that he decided to quit and take up motor racing. Now it appears that the Secretary of State has lost his fight to stop the Treasury raiding the MOD core budget to pay for Iraq and Afghanistan. Perhaps it is therefore inevitable that people now believe that the Government have broken the military covenant. The think-tank Demos is hardly the sort of hysterical critic that was talked about earlier yet it said:

"The Military Covenant—the contract between the nation and service personnel and their families who make personal sacrifices in return for fair treatment and commensurate terms and conditions of service—has been damaged almost beyond repair."

The Gracious Speech will do nothing to dispel the widespread belief that defence is a second-order issue for this Prime Minister. There was reference in that speech to the UN, the G8 and the EU as part of our security architecture, but it did not even mention either the United States or NATO. The Prime Minister can tell all the newspapers he likes how much he loves America, but we will judge him on what he does. He has never had much interest in the military. As Lord Guthrie said:

"I certainly viewed Brown as unsympathetic to defence. He didn't make much effort to educate himself about defence".

Asked if he thought vital defence spending was approved by Tony Blair but blocked by his Chancellor, he replied that "that is exactly right". Perhaps that is the clearest indictment possible. Our forces deserve so much better.

9.24 pm

The Secretary of State for Defence (Des Browne): As many right hon. and hon. Members have reminded us—and we bear being reminded of it—yesterday was Remembrance Sunday. It is a day when the whole nation commemorates the sacrifices made by the armed forces across the generations. Until recently, the focus of our thoughts was very much on the veterans of the first and second world wars, but today, while we continue to remember them, we must also commemorate those who have died more recently—particularly in Iraq and in Afghanistan. In that regard, I would like to take the opportunity to mention Lance Corporal Jake Alderton, who sadly died in Afghanistan last Friday. The thoughts and prayers of all hon. Members will be with his family, friends and colleagues, who will greatly miss him. He was a brave man who died in the service of our country in the pursuit of stability and peace for the people of Afghanistan. That bears to be remembered every day, not just on Remembrance day.

The debate has covered some of the important issues that this nation and the international community face. It is a privilege to have the opportunity to respond on behalf of the Government in the context of the Queen's Speech. I shall endeavour to address many of the points raised. Given that my right hon. Friend the Foreign Secretary made an extensive speech, taking many interventions and covering the widest possible range of foreign affairs issues, I am sure that the House will understand if my inclination is to concentrate on defence issues, although not exclusively, because I cannot resist the temptation of reminding the House of the statement made by the right hon. Member for Richmond, Yorks (Mr. Hague), who I am sad to see is not in his place on the Front Bench.

In response to an intervention by the right hon. and learned Member for Rushcliffe (Mr. Clarke), the right hon. Gentleman said that the Conservative party policy on the EU treaty would not be veering in any direction, but I detected a significant veer today, and I am not the only one. Last week, when my right hon. Friend the Prime Minister asked the Leader of the Opposition a similar question on how his party would respond if the treaty were in force, he wisely refused to answer. Today, however, the right hon. Member for Richmond, Yorks gave part of the answer when he said that the matter would not rest there.

In a helpful intervention by the right hon. Member for Rushcliffe—right hon. and learned Member, I should say; I have been corrected, which shows that it is not just on the Labour Benches that people are obsessed by status, something that we have already covered in the debate. The right hon. and learned Gentleman helpfully set out the alternatives if matters are not allowed to rest where they are. He rightly advised that there were only certain possibilities or choices. A Tory Government—God forbid that we should have one—would have to repudiate the treaty, hold a referendum or renegotiate. The right hon. Member for Richmond, Yorks refused to respond to that selection of choices and left us with the phrase that "matters would not rest there". That is not a policy; it is a stance. We will have to wait for the policy, but we may well find that from now on a significant part of the debate concentrates on asking which of those alternatives to the position hitherto adopted by the Conservatives will be chosen.

Mr. Hands: Surely the Secretary of State must realise that all his complaints and protestations are caused by him and his Government's inability to offer the referendum that we deserve to have on the current treaty. If he fulfilled his manifesto pledge, none of these questions would arise.

Des Browne: We know the hon. Gentleman's position because he helpfully signed an early-day motion that explains it. He is not for a referendum either; he is just

for rejecting the treaty. He does not want to wait for a decision by anybody, never mind Parliament. However, he will not divert our attention from today's significant announcement by the right hon. Member for Richmond, Yorks, in which he indicated exactly where the Conservative party is going. We will pursue it down that line and will not rest until it explains not just its stance, but its policy. The speeches by my right hon. Friend the Foreign Secretary and the right hon. Gentleman bear reading in sequence because that will remind any reader of the substantial degree of agreement on foreign policy and defence that there is across the House.

We were privileged to hear a short but valuable contribution from my right hon. Friend the Member for Torfaen (Mr. Murphy), who shared with us his experience of involvement in conflict resolution in Sri Lanka at the request of the president of that country. Having served under my right hon. Friend when he was Secretary of State for Northern Ireland, I can say that the President of Sri Lanka made a wise choice. I am sure that my right hon. Friend has a valuable contribution to make to Sri Lanka as well.

I am sure my right hon. Friend will understand when I say that he is part of a great tradition in which Members have contributed to conflict resolution across the world, often in difficult and demanding circumstances. It does the House credit that its Members are prepared to take the risks associated with such work. It would be invidious of me to single out others, some of whom are present, because I would doubtless offend those whom I had not identified.

Several Members mentioned the first-class contribution of our armed forces and the need for it to be given appropriate recognition. They included the hon. Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore), my right hon. Friend the Member for Islwyn (Mr. Touhig), the right hon. and learned Member for Devizes (Mr. Ancram), the hon. Member for Mid-Sussex (Mr. Soames) and my hon. Friend the Member for Bolton, North-East (Mr. Crausby), not to mention the hon. Member for Dunfermline and West Fife (Willie Rennie).

The hon. Member for Mid-Sussex raised an issue that was taken up later by my hon. Friend the Member for West Bromwich, West (Mr. Bailey): the increasing need for proper reporting of the contribution made by our troops in the theatres of operation in both Iraq and Afghanistan, and dissemination of that information to a wider public. I think that the hon. Gentleman used his comments as a vehicle for a criticism of the Ministry of Defence, which was somewhat inconsistent with earlier remarks in which he commended and congratulated civil service members of the MOD; but I share his frustration at the media's lack of preparedness to tell the true story of the contribution that our forces have made, particularly in Iraq and Afghanistan. To a degree I understand it, but I say advisedly that there are Members who have sought opportunities to criticise such contributions in a way designed to attract party political advantage, which has undermined our collective ambition to be able to tell the story more straightforwardly and honestly.

I have noticed recently that the position has improved. The hon. Gentleman suggested that we should extend more opportunities to the media to spend time with our armed forces, but not a day goes by without members of the media being embedded with them in one or both operational theatres. Invariably, they come back and—privately—speak glowingly of what they have seen. It is a pity that other information that they have gleaned, and other stories that they are clearly able to tell, are not given the same prominence as some of what they choose to report. They should not think that the forces with whom they are embedded, and who welcome and protect them, do not notice the selectiveness of their accounts.

Mr. Soames: I am grateful to the Secretary of State for approaching a serious matter in a serious way, but will he acknowledge that one of the Government's mistakes was removing the single-service PR machine which built up its own strong relationships with the press and was extremely good at dealing with them? The press paid more attention to a single-service PR in uniform than to a civilian on operations. Will he consider again whether it is possible to reinstate those people? When he worries about leaks in the Ministry of Defence, he should bear in mind the fact that it is fine if there is a single-service PR machine because then people know perfectly well where the leaks are coming from and can deal with them.

Des Browne: I am prepared to look at any suggestion that may be made as to how to improve the way the message is put across to the public. I suspect that the hon. Gentleman and perhaps others put too much strain on one part of the quite extensive machinery that exists in all the services individually in relation to handling the media. The decision was to remove the individual supports for the individual chiefs. I am not sure that it has had the effect that he says it has, but I am prepared to look at that again.

The reason that I spend so much time on that matter is that it seems there is a serious point to be made about the nature and balance of the reporting of what our troops do when they are abroad. It is hard to resist the temptation to say that certain organs of the media have an agenda and that that agenda does not allow them to tell the whole story of what is being achieved, lest it reflects to the credit of others who are involved in policy decisions. That is as may be, although I have noticed recently, in particular over the past few days, that increasingly there is a balance in the reporting and that some of the stories that the hon. Gentleman and I wish were told more accurately are now starting to get out.

Mr. Gerald Howarth (Aldershot) (Con): I agree entirely with what the Secretary of State has said about that matter, but I draw to his attention something else that has arisen. I was talking to a brigade commander yesterday. He tells me that he is doing what I know the Secretary of State wants and what the Army commanders want, which is to go out to try to build a connection with local communities. He arranged a press conference to publicise with others the fantastic initiative by Oxfordshire county council, but apparently the suits told them it could not be done. Things are being decided, I suspect in the Secretary of State's name; there is a fear that a local initiative will not be taken without ministerial approval. Can he delegate some of his authority to the

[Mr. Gerald Howarth]

people on the ground, because otherwise damage is being done to the things that he and I believe should be done?

Des Browne: I will look at that individual incident, if the hon. Gentleman can provide me with the detail after this debate. I do not think that we should take up much more time on the issue, but there are quite a lot of things that people say are my responsibility in terms of decisions. They generally tend to be the things that do not work properly. People use the excuse of Ministers. However, we may, as we go through some of the other issues that have been raised, have an opportunity to share with the public through the official record some of the positive things that have been achieved and some of the improvements that have taken place.

Mr. Benyon: Will the Secretary of State give way?

Des Browne: Is it on the issue of publicity because I want to move on?

Mr. Benyon: On that point.

Des Browne: I will give way one more time on the issue.

Mr. Benyon: Before the Secretary of State leaves the remarks of my hon. Friend the Member for Mid-Sussex (Mr. Soames), will he inform the House when and how he was consulted by the Prime Minister on the decision to axe the Defence Export Services Organisation?

Des Browne: I fully intend to deal with the issue of DESO, but I will deal with it in my own time, if the hon. Gentleman will allow me.

As I am talking about service personnel, I want at this point to refer to the support provided by the Government to service personnel and their families. A number of right hon. and hon. Members have been overtly critical, or have implied criticism, of it. What has been achieved recently bears repeating. This year, for example, our forces have received the best pay award in the public services—a headline figure of 3.3 per cent., with the most junior receiving over 9 per cent. I say to hon. Gentlemen on the Opposition Benches—and I see that it is all hon. Gentlemen there at the moment—that that 9 per cent. is important because it was designed to redress not just the imbalance that existed at the point of the award, but an imbalance that has existed for some considerable time. It is not only this Government's responsibility that an award was needed last year. Opposition Members should be honest about what they did, or did not do, during the time they had responsibility for the armed forces.

Mr. Gerald Howarth: We were not fighting two wars.

Des Browne: If that is the hon. Gentleman's justification for the rates of pay for the lowest paid members of the armed forces, he had better debate that with them rather than with me.

For those who are deployed, we have improved the operational welfare package, with more free phone calls, better internet access and plans to put in more terminals and wi-fi access. I am pleased today to be able to confirm that, with the Royal Mail, we will now be able to provide an all-year-round freepost scheme for those in Iraq and Afghanistan. That has been called for by a number of people and I am delighted that the Royal Mail has been able to join us in helping to provide that service.

Further, the new operational allowance has been raised to £2,328 tax-free for a six-month operational tour in Iraq or Afghanistan, and these personnel will also benefit from a tax-free rebate of £140 on their council tax. We hope next year to develop that to include all those on operations. We have achieved a lot in support of our troops in recent months but we can do more. That is why last week I announced that, in spring 2008, we will publish for the first time a cross-Government strategy for supporting our service personnel, their families and veterans. This will cover all areas of support including accommodation, medical care, welfare support and education and will be published as a command paper. It will build on our success and recent achievements and will outline areas where we think we can do more, for example in accommodation.

Last year, we spent £700 million, a figure that has increased to £870 million during the last financial year. At this point, I want to deal with an issue raised by the hon. Member for Dunfermline and—I forget the rest of his constituency. I apologise to him.

Mr. Ellwood: The right hon. Gentleman is only the Secretary of State for Scotland.

Des Browne: I am only part-time.

The hon. Gentleman suggested that there had been a cut in the investment and accommodation in Scotland. He knows and, with respect, should have been in a position to explain to the House that that is not a proper presentation of the figures. The reason that the two figures appeared to show a reduction in investment was that a substantial project at Glencorse barracks was completed the year before. To present the figures in the way in which the media did—the media at least have had the good grace to suggest that they should apologise—and to replay them in the House was inappropriate.

In any event, over the next decade we plan to invest £5 billion in accommodation, but clearly we need to work harder to ensure that all our personnel have access to good quality accommodation. As the Chief of Defence Staff said yesterday, it will be a question of time rather than resource to address the decades of under-investment in accommodation that we inherited and have been seeking to address for the last 10 years.

Michael Connarty: I certainly commend the Secretary of State for the investment in accommodation, but I was waiting for him to mention special arrangements for parcels for the upcoming Christmas period. He mentioned the post, but could he give some details of free parcel delivery up to Christmas for people abroad?

Des Browne: I was using the generic word "post" to include parcels. I am sorry if I have inadvertently misled anyone by not explaining what the component elements of post are. It is intended that we will have the same arrangement this year as in previous years over the Christmas period. The difference now is that it will not stop after Christmas, but will continue all year round.

The right hon. and learned Member for Devizes, the hon. Member for Mid-Sussex, my hon. Friend the Member for Bolton, North-East and others raised issues to do with the level of commitment and the tour intervals to which our forces are currently subject. I admit that they are very busy. As the Chief of the Defence Staff said only yesterday—I think that most Members will agree—

"we cannot sustain our current level of operational commitment indefinitely. That's quite clear".

He went on to say that

"what is also clear is that we are now starting to reduce that level of operational commitment."

I dealt with this issue in some detail in the last defence policy debate because I agree that it is important. Suffice it to say that our planning assumptions and force structure have been successful and we have generated the capabilities that we need, but we also need to keep the force structure under review to ensure that we do not burn out the core of our military, and particularly the Army. I understand that, and we are doing just that.

In a debate of this nature it is entirely appropriate that Members raise the important issue of defence expenditure, and Members in all parts of the House have done so. The hon. Member for Mid-Sussex stressed that we must spend more on defence. He is not alone in holding that view, and we are doing that. The recent comprehensive spending review settlement gave the MOD an average annual real-terms growth of 1.5 per cent., continuing the longest period of sustained growth in defence spending since the 1980s and representing an additional £7.7 billion for defence spending over the next three years. Of course, that is not all that is spent on defence; that sum is in addition to the MOD's core budget. Over and above that, the net additional cost of operations comes out of the reserves and, to date, that has been an additional £6.6 billion.

Dr. Julian Lewis *rose—*

Des Browne: I will take the hon. Gentleman's intervention in a moment, but before I do so I wish to contrast those figures with the Conservatives' record. Over the last five years under them, defence spending was cut by £500 million a year. I welcome debate on this issue, but it must be debate—rather than just a constant assertion from the Opposition Benches that more needs to be spent, without any conviction that they would be prepared to spend more. I ask the hon. Member for Woodspring (Dr. Fox) to clarify just how much his party would spend on defence. I cannot get an answer from him. Perhaps his party colleague, the hon. Member for Mid-Sussex, will be able to do so; the next time we debate this matter he might intervene on his Front-Bench colleague and ask him precisely how much he will spend on defence.

The situation is unclear, and I am rapidly coming to the view that the Opposition are deliberately confusing the issue. The hon. Member for Aldershot (Mr. Howarth) said on the BBC "Newsnight" programme on 6 September 2007 that his party had made it crystal clear that if they were to take office tomorrow they would spend more on defence. He said that in terms. The problem is that the leader of his party, the right hon. Member for Witney (Mr. Cameron), had already said in April 2007 on Webcameron—the comments are still there for people to see—

"there is no magic pot of money we can dip into to spend a lot more on the Armed Services".

The money is not there according to the hon. Gentleman's leader, but he says he will spend more.

That is not the end of the confusion. In the last defence debate, the hon. Member for Woodspring criticised our defence spending but could not come up with a figure for how much defence spending should be, despite the fact that at the beginning of his speech he had suggested he had been ready to go into a general election a week beforehand. He was not in a position to give us a figure despite what he had suggested; he said we would need to wait for an election. Yesterday, when he was pressed on the issue on BBC South West, he also refused to give a straightforward answer. We cannot have such posturing. If the Opposition's policy is to spend more on defence, they must clearly tell us that that is the case; otherwise, we should look at what they do rather than at what they say—which is what they suggest we do in terms of others. What did they do when in government? They cut defence spending.

Dr. Julian Lewis: The Secretary of State comes back neatly to the point on which I wanted to intervene. Does he not accept that the context becomes very different between the end of the cold war, when defence expenditure was rightly cut—with the support of the Labour party—and the embarking on two new wars?

When the right hon. Gentleman says that expenditure is being increased by 1.5 per cent. above inflation, is he not ignoring the testimony of those defence finance experts who point out that for most major defence projects, inflation rises at a much higher rate than the average? The 1.5 per cent. above inflation increase will not enable us even to continue to pay for what we are already funding, let alone have any real increase.

Des Browne: The hon. Gentleman needs to be consistent with the logic of his intervention. He should have told the House the figure that those experts say defence inflation sits at: 7.7 per cent. Is he suggesting that the Conservatives would increase defence spending by 7.7 per cent.? I do not accept any of the facts that he asserts, but he has to accept them. He has to have a policy that responds to the arguments that he himself trots out. My point is that there has been a real increase in defence spending in the period in which we have been in power. That is unequivocal—it is a fact.

Regardless of how much resource is available, the defence programme is always a balance between current and future needs, as we have heard some speakers point out today. Our focus is on success in current operations and ensuring that those deployed in Iraq and Afghanistan have the capabilities they need. Since 2001, £6.6 billion has been provided from the Treasury reserve to cover the cost of those operations. I

[Des Browne]

accept the hon. Gentleman's point that committing troops to operations carries a cost, which has to be met. We have delivered equipment valued at more than £10 billion to our armed forces over the past three years alone, with priority given to equipping people on or training for operations. We continue to review that balance between current and future needs in terms of both equipment and military force structure.

We cannot afford not to invest for the future, but the CSR settlement gives us the opportunity to do just that. I am sure that the hon. Gentleman welcomed our decision to acquire two new aircraft carriers and to provide funds to cover the additional costs of sustaining the UK's nuclear deterrent beyond the life of the Trident submarines.

Dr. Lewis *indicated assent.*

Des Browne: I see the hon. Gentleman nod in approval. Obviously, we got the rate of inflation right on both of those substantial investments.

Mr. Ellwood: The Secretary of State is right to say that a lot of defence spending has gone into Iraq and Afghanistan. The question is how much money has been spent on defence while we were there? We are just about to withdraw from Iraq, and what has changed? Had we managed to get the reconstruction and redevelopment right, there would not be the pressure on the defence budget that we have now. Exactly the same is true of Afghanistan. We are facing these pressures now because of the failure of DFID, the FCO and the MOD to work together. That is what is having an impact on the MOD budget.

Des Browne: The hon. Gentleman has said several times during the debate that there have been failings on the part of other Departments to respond to the opportunities generated by the military, but he knows, probably better than many right hon. and hon. Members because he spends a lot of time in Afghanistan in particular—it is to his credit that he goes there to see conditions on the ground—the nature and the scale of the challenges. He knows that the time scale that he imposes for the purposes of the debating point that he has made today is unrealistic, but he knows also that the situation in Iraq is improving—it is fragile, but improving and moving in the right direction. Fundamentally, he knows—this is the argument that he makes in respect of Afghanistan—that the long-term future of the Iraqi people, the stability of their country and their economic opportunities can be provided only by Iraqi solutions. The development of the Iraqis themselves, through their own security forces, politics and governance, will be their future, rather than, as the hon. Gentleman suggests, the failure of one Department of one country that was involved in the situation over a comparatively short period. That false argument is not worthy of him, given his knowledge and understanding of the complexity of these issues. I do not think he is right and I reject his thesis.

Mr. Hendrick: Clearly, the hon. Member for Woodspring (Dr. Fox) is not willing to say what his party would spend on defence if there were a Conservative Government. Now that the right hon. Member for Richmond, Yorks (Mr. Hague) is back in his place, will he clarify his earlier point about whether, in the event of a Conservative Government and the European reform treaty having been passed in both Houses, he would put it to a referendum? Will my right hon. Friend the Secretary of State invite the shadow Foreign Secretary to clarify his position?

Des Browne: I am happy to be a channel for that question to be put to the right hon. Member for Richmond, Yorks. He has heard it, and if he chooses to intervene in order to answer it, I shall give way to him. I see that he wants to stay in his seat, and that does not surprise me.

I shall try to deal with two matters that are exercising people considerably. The hon. Member for Woodspring asked me to explain urgent operational requirements. For those who do not understand how this system works, I must say that it is quite simple. When the armed forces deploy in operations, no matter how well equipped they are, we know that they will always face challenges unique to the specific geographical location or adversaries that they face. That is why Treasury funds are available to supplement existing capabilities. The facts are that since 2001, we have spent £2.2 billion doing just that. No urgent operational requirement has ever been refused on cost grounds; money is not the issue.

Increasingly, however, we find that the threat that our troops face is evolving at a more rapid rate than previously envisaged. It is no exaggeration to say that the threat from improvised explosive devices evolved more quickly in 12 months in Iraq than it did in 30 years in Northern Ireland. This threat is no longer bounded in one place because al-Qaeda—*[Interruption.]* I shall come to the Defence Export Services Organisation in a moment, and if hon. Gentlemen do not interrupt me, they will get their answer. Al-Qaeda tries to pass knowledge on to terrorists around the world.

I think that everybody agrees that the equipment programme needs to adapt to reflect this reality, and that means that we need platforms that can be easily upgraded and the funding flexibility to do just that. We need to rely less on what is, by definition, an ad-hoc arrangement to provide such capabilities, but we need time to build this into our plans. That is why we have agreed with the Treasury a new approach, and I shall explain it. Over the three years of the comprehensive spending review period, the reserve will continue to pay all additional costs up front and will pay outright for urgent operational requirements up to a mutually agreed total. Beyond that, the MOD and the Treasury will split the costs 50:50, with the MOD only having to repay its share two years later, by which time we will have begun to adjust the equipment programme. The Treasury has given us an extra £200 million in 2010-11 to ensure that the new arrangements are cost neutral to defence across the CSR period.

The hon. Member for Mid-Sussex raised DESO, asking again many of the questions that have already been answered. Just to be clear, yes, I knew about the decision before it was announced and no, we did not consult on the principle of the decision because it was entirely a matter for Government and it was only right for us to set the strategic direction. As the Prime Minister said in his July announcement, we made this decision to enable greater institutional alignment

across Government and to build on the success of UK Trade and Investment and DESO. This should improve the support that we give the defence industry, not detract from it, and it will do so. We are working across industry and across Government to implement the new arrangements as quickly as possible.

Lord Drayson's name has been mentioned frequently in this debate. Some have implied—the hon. Member for Mid-Sussex indeed stated—that they knew why my noble Friend resigned and that it was not for the reason given in his resignation letter. My noble Friend is an honourable and honest man, and the explanation that he gave in his letter is the true reason. I do not recognise any of the other incidents that people are praying in aid, because they simply did not happen.

I want to take the last minute to ensure—it is the first time that I have had the chance to do so in this House—that I record my appreciation of the contribution that Lord Drayson made to procurement. He was an excellent procurement Minister and he did a great job getting fantastic equipment out to our troops in the operational theatre, and he did it much quicker than any previous procurement Minister ever has.

Today's debate has been wide ranging and it has highlighted the numerous and complex challenges we face.

Debate adjourned.— *[Mr. Watson.]*

Debate to be resumed tomorrow.

EUROPEAN COMMUNITIES (AMENDMENT) ACT 1993

Ordered,

That for the purposes of its approval under section 5 of the European Communities (Amendment) Act 1993, the Government's assessment as set out in the Pre-Budget Report 2007 shall be treated as if it were an instrument subject to the provisions of Standing Order No. 118 (Standing Committees on Delegated Legislation).—*[Mr. Watson.]*

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Thursday 15th November, proceedings on the Motion in the name of the Prime Minister relating to International Development may continue, though opposed, for three hours or until six o'clock, whichever is later, and shall then lapse if not previously disposed of.——*[Mr. Watson.]*

STANDARDS AND PRIVILEGES

Ordered,

That Mr. Brian Jenkins be discharged from the Committee on Standards and Privileges and Paddy Tipping be added. —*[Mr. Watson.]*

JUSTICE

Ordered,

That Keith Vaz and Jeremy Wright be discharged from the Justice Committee and Rosie Cooper, Daniel Kawczynski, Mr. Humfrey Malins, Alun Michael, Dr. Nick Palmer and Mr. Virendra Sharma be added.—*[Liz Blackman, on behalf of the Committee of Selection.]*

REGULATORY REFORM

Ordered,

That Alison Seabeck and Ms Angela C. Smith be discharged from the Regulatory Reform Committee and Mr. Quentin Davies and Phil Wilson be added.—*[Liz Blackman, on behalf of the Committee of Selection.]*

Public Information (Commercial Use)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watson.]*

10 pm

Mr. Mark Todd (South Derbyshire) (Lab): The first question I need to answer is why I should take up the Minister's time so late at night on a subject that many would see as somewhat narrow. The answer is that a wider context of policy formation is involved that deserves wider currency. The Office of Fair Trading examined the issue of the reuse of public sector information earlier this year and that was followed by a valuable report, "The Power of Information", commissioned by the Cabinet Office. The Government have responded to both reports and, in addition, a review has been in progress of the future of trading funds, an issue to which I shall come later as it has a particular bearing on this subject matter.

Public sector information is gathered and held for a wide variety of purposes and is critical to both the direct provision of services and our understanding of many aspects of modern Britain. It also earns money in its own right. The OFT worked out in its study that it earned some £590 million in direct income, but the economic impact of public sector information can be calculated in various ways. The Ordnance Survey has done a study that estimates that it alone underpins revenues of some £100 billion a year in the provision of mapping data to a wide variety of businesses which then utilise that data for their own purposes to generate revenue. Those examples, from just one part of the Government information business, give some idea of the scale of what we are talking about.

If we consider the issue first on a strategic level, we see that as our society and public services grow more complex, more data are collected on the Government's behalf to manage that process and measure what we are attempting to achieve. Those data are increasingly stored in accessible formats. Instead of a lot of paper files of various kinds or the maps that people would recognise, digitised information is now commonly available across a wide range of Government activity. There are both more effective and ubiquitous tools that allow search, selection and compilation of information almost at will.

The longevity of our public data collection is almost unique, and that produces generally high-quality data compared with those held in many other countries, as well as data sets with long historical potential use. We have some of the most powerful brands in their field in the information world, such as the United Kingdom Hydrographic Office. In our long period of empire, our understanding of the sea bed and navigational matters was critical, and the office continues to be a world leader in its field. Ordnance Survey was originally set up to provide information so that we could defend the country against an invasion by Napoleon, but over time it spread its wings much further, providing maps of our country to a standard that is envied around the world. The Met Office has set extremely high standards in the provision of weather data, which are commonly used well outside our country. We have built on a legacy of global reach, stable long-term governance, the self-confidence of the Victorian age and the spirit of innovation that founded those bodies.

Increasing numbers of citizens seek information for themselves, and are prepared to compile it using their own resources; I have referred to the increasing availability of the tool sets that allow them to do that. Our relatively free communications marketplace has provided diverse channels for the distribution of the information. Other than any cost of the data, the entry barriers to an information business are now extremely low, promoting high levels of competition and innovation. Web technologies are evolving extremely rapidly, and that evolution will accelerate. Information business models will change rapidly as technologies and customer capabilities change over time. Of course, underpinning that, and of particular advantage to us, is the fact that the use of the English language remains a powerful asset in any information business.

In sum, the UK is extremely well placed to generate businesses based on information; we hold significant competitive advantages. However, businesses that rely on the use of public sector information face significant barriers. Data are dispersed widely across central and local government. There is no common understanding of the value of data, or what defines their quality. There are no clear principles on how to share data to produce information within Government, let alone how to provide it to an external third party. To focus on geographical information, it would be valuable to have an agreement on how data can be shared by local government, which holds a significant proportion of localised information of various kinds. I have already mentioned Ordnance Survey. The Land Registry stores information on property transactions, the Post Office controls the use of postcodes, the Environment Agency maps issues such as flood risk, and there are many other kinds of information. However, there is no framework in which that can all work together. That, of course, hinders the development of public sector information, as well as the availability of much of the data in the private sector.

There is no strategic framework in which to determine the various policy goals of considering the use of public sector information. There may be social value in allowing relatively ready access to data, in maximising the use of data collected in the public sector so that it performs multiple functions, in the recovery of costs, in generating a return on investment, in controlling the context of any reuse, in maintaining and developing data quality—I will come back to that point—and in fostering economic growth. Those are all perfectly legitimate policy goals, but the Government have not given those who hold data an adequate framework in which to determine which are the most important, and how to value them.

There have been tentative attempts to establish ground rules on how to trade information, but the regulatory framework is neither resourced appropriately to address the diverse demands of the sector, nor empowered to enforce any guidance on fair trading. Without a governing strategy, decisions on the future governance, or even ownership, of some of the sector's key players, such as the trading funds, Ordnance Survey, the Hydrographic Office and the Met Office, are at best premature, and at worse risk damaging the development of the sector.

To give an example, some of those businesses—and businesses they really are—would have significant value in the marketplace if they were ever disposed of. That

would be an attractive prospect for a Government seeking to create an additional stream of money for other purposes. However, without a clear understanding of what the organisations were supposed to do and of how they might trade with others, such judgments would be dangerous and risk damaging the developing marketplace in public sector information and its reuse in the private sector.

What do I want? First, I want a recognition of the possible scale of our lost opportunity. The OFT reckoned that another £600 million might be generated each year if public sector information were properly understood and sold, with the important qualification that only a relatively small proportion of that lay within the responsibility of the various trading funds that have already developed businesses in trading public sector information. For example, a large amount of that lost revenue lies in local government, in which the mere existence of much of the information is not known about and it is certainly not possible to make it available to third parties.

The first requirement is a clear strategy with proper Government ownership. One of the difficulties is that a variety of Departments have a role to play; there is no clear, coherent leadership, as was evidenced in the preparations for responding to this debate. My hon. Friend the Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform has been passed the parcel of answering at 10.15 or thereabouts, but to be honest the task could have gone to a number of other Ministers. Indeed, I was asked which Minister I thought it appropriate should answer the debate. There is a lack of clarity at that level that needs to be resolved.

The strategy should at least address how the various policy goals that I set down should be balanced in any policy on pricing and rights control. It should explicitly set out the duties of key holders of public information in respect of accuracy and comprehensiveness. As an example I cite the annual report of Ordnance Survey, which has to

"represent 99.6 per cent. of significant real-world features in the database within six months of completion."

To give a picture of the difficulty of that task, I should say that that means any significant building development anywhere in the country. Even if it relates to a relatively remote location where the reuse of the information is of minimal value, the database has to be kept very accurately up to date. We need clear goals of that kind to be imposed on public sector bodies. The strategy should also address how investment could be maintained to ensure data quality and data development based on public service needs. It should ensure that our powerful brands, to which I have referred, continue to be associated with quality.

I should like briefly to comment on the free our data campaign, which has suggested that the correct path is to distribute Government data virtually for free, or at cost. The difficulty of that model, which relies on the argument that that would generate substantial economic growth and tax revenues that would easily repay the amount lost in revenues directly associated with the sales, is that I am afraid it places a substantial reliance on any Government—not just this one—to continue to fund the development and maintenance of the quality of data in those organisations. At the moment, the organisations have revenue streams on which they can rely to invest into the future. Simply relying on the Treasury to bury its hand into its pocket periodically to develop data into the future is wishful thinking. That is not the path down which we should be treading.

We also need a stronger Office of Public Sector Information able to enforce its decisions on market unfairness. The OFT report says:

"Comparing the size of OPSI and the size of the sector it regulates with the established economic sector regulators"—

not an entirely fair comparison, but the point is well made—

"and the size of the market sectors they regulate, OPSI appears very small, with both fewer financial resources and fewer staff."

If the sector is to be taken more seriously, it requires more specialist resources to tackle issues of pricing and market fairness raised by partners in developing new products. There needs to be a robust test of reasonableness in pricing policy that reflects direct costs and proportionate recharging of public service duties. To take the example of Ordnance Survey, perhaps 27 per cent. of the data that it holds on mapping in the UK genuinely has a commercial value for re-use. There are large parts of our country that relatively few people want to know about in great detail. That information is prepared for our own purposes in Government but does not have a substantial commercial value, so how does one factor the cost of collecting it, as part of Ordnance Survey's universal service, into the sale of products to third parties?

My next objective is that we should have a modest investment—small sums go a long way; I have mentioned the low barriers to entry in this sector—in experiments focused on areas of Government data that are less well understood and where partnerships have been hard to establish. Local government data may be an example. There should also be a framework to ensure policy momentum, because this field changes extremely rapidly, and an international dimension—the United Kingdom Hydrographic Office and the Met Office, for example, are major international players—should be maintained in policy development.

In 2000, there was a cross-cutting review of the knowledge economy that addressed this issue, at least in part. I am afraid that since then we have done relatively little. We cannot afford these lengthy periods of neglect. I have highlighted the lost revenues, the existing potential, and the competitive edge that we have in the UK. Let us take advantage of those things.

10.17 pm

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Mr. Gareth Thomas): I congratulate my hon. Friend the Member for South Derbyshire (Mr. Todd) on securing parliamentary time for this important debate. I welcome the opportunity to explore the issues that he has raised. I hope to give him some comfort by saying that there is more work being undertaken and more consideration in Government of those issues, albeit that there is unfinished work before us.

Let me set out a little of the background to the Government's position. We welcomed the Office of Fair Trading's market study into the commercial use of

[Mr. Gareth Thomas]

public information, which, as my hon. Friend will recall, was published in December 2006. The study was thorough and identified a range of detailed and complex issues. The recommendations reflected a concern by some users of public sector information about the interaction between Government and markets, specifically the impact that the public sector can have on the way that markets work.

Another issue mentioned in the OFT report was the estimated potential value of public sector information within the economy. The report concentrated on the commercial use of public sector information. As my hon. Friend acknowledged, that is a particularly important area in driving new, improved and innovative products in today's global market. Public sector information holders are often the only source for much of these raw data. Several PSIHs also compete with businesses in turning that raw information into value-added products and services. As my hon. Friend also alluded to, the OFT estimated that the value of public sector information to the UK's economy has the potential to increase from £590 million at the moment to more than £1 billion annually. As he also said, some experts believe that that figure could increase even further.

The main conclusions of the OFT's study were that public sector information holders should make as much unrefined public sector information available as possible for commercial use and reuse; that businesses should have access to public sector information at the earliest point at which it is useful to them; and that where the public sector information holder is the only supplier, access to information should be provided on an equal basis for all businesses and the public sector holder information holder itself. The report also referred to the need to use proportionate cost-related pricing, and the need to account separately for costs and income from unrefined and refined information activities so that public sector information holders can demonstrate that they are providing and pricing information fairly and in a non-discriminatory manner.

The last recommendation from the OFT's work that I shall highlight is the suggestion that the role of the Office of Public Sector Information be widened to monitor public sector information holders better, with improved enforcement and complaints procedures. The Government response welcomed the recommendations of the OFT study, and accepted the majority of them. As my hon. Friend may be aware, we noted in our response that some of the OFT's recommendations required further work by the Government.

My hon. Friend alluded to the subject of trading funds. We believe that further work is required to consider the impact of proposed changes to data definitions and pricing policy, especially the impact on trading funds, in order to ensure that there are no adverse impacts on the ability to collect the information in the future or on the performance of trading funds in the fulfilment of essential public tasks, and to ensure that the proposed benefit is sufficient to justify the fiscal cost. He may be aware that such work is currently being undertaken and I expect that the initial research will be concluded later this year.

As my hon. Friend indicated, the current model has been good for the taxpayer. Thanks to the trading funds' role in fulfilling public tasks, the Government create and own high quality information assets, such as mapping data, geological data, nautical charts and meteorological data, but the taxpayer only pays a fraction of the cost of their collection and dissemination.

Given that the trading fund model is well established, the Government believe that we should take the time to look at the issues in some detail. We must ensure that high-quality data continue to be produced, and public sector tasks fulfilled, at the same time as opportunities for the wider economy are maximised. It would be entirely premature to abandon what has been a high-quality data production model without fully exploring the consequences. As my hon. Friend said, the UK has world-class agencies, including Ordnance Survey, the Met Office, the UK Hydrographic Office and the Land Registry. I shall take this opportunity on behalf of the Government to pay tribute to the professionalism, expertise and talent that is housed in each of those offices. We should be careful to avoid destabilising those excellent agencies.

The Government have set out the principles within which trading funds should operate and how public sector bodies should charge for their services in the recently published document "Managing public money". Individual bodies are free to set their prices within the markets in which they operate, provided that they abide by those broad principles. The research that is under way may inform future policy in this area.

Mr. Todd: I quote from the Government's answer to the OFT report:

> "The Chief Secretary to the Treasury asked that each relevant government trading fund prepare an action plan setting out where they were, and how they proposed to open access to their information further using the principles for improving its pricing and dissemination set out in the report."

That process was set for the end of 2007. Will it be completed?

Mr. Thomas: We need to complete the research to which I have alluded, which is absolutely key. As my hon. Friend rightly said in reference to the expertise of those bodies, the last thing that the Government believe is that we should destabilise them. There are discussions under way within Government. We are seeking to achieve the policy objectives set out by the Chief Secretary to the Treasury and more information will be made available to my hon. Friend and to the House in due course.

The Office of Public Sector Information plays a crucial role in the management of Crown copyright information. A wide range of Government information can be reused under the online licensing system, which is managed by OPSI. In addition to the work of OPSI, some parts of Government, mostly the trading funds, operate under delegated authority. Delegations of authority confer the right on Government organisations to license the reuse of material that they produce. They are subject to the Government organisations complying with the standards of fairness and transparency as set out in the information fair trader scheme. Public sector information holders

should apply exactly the same terms to all commercial reusers of their information, including when they are reusing their own information. It is essential that there is transparency and fairness and it is unlawful to discriminate between reusers under the Re-use of Public Sector Information Regulations 2005, regardless of whether they are public or private.

Mr. Todd: My hon. Friend mentioned the IFTS. One of its weaknesses is that it is not enforceable. It is an advisory code of best practice and OPSI has no opportunity to force an organisation to comply with whatever its rulings might be on its non-compliance.

Mr. Thomas: My hon. Friend makes the important point that the scheme is voluntary. However, it includes all the trading funds and it has helped to raise standards. For example, Ordnance Survey is now being much more transparent about its pricing and licensing terms. It has dropped the restriction to competitive activity in granting its licences and we are encouraging more public sector information holders to adopt and follow the fair trader scheme principles.

OPSI also has a regulatory responsibility under the 2005 regulations to consider complaints relating to reuse. That complaints process provides a low-cost alternative to taking action through the courts. It also provides a level of assurance to reusers that their concerns will be investigated transparently and openly.

A series of practical and innovative steps have been taken by OPSI to ensure that the importance of the regulations is recognised, understood and put into practice. When the Office of Fair Trading perceived or identified potential competition issues, the OFT, OPSI and the trading funds have worked to resolve them. Overall, the regulatory regime is working but we are looking to improve and will take on board the recommendations made by the OFT.

My hon. Friend referred to the power of information review, which was published on 7 June this year. That review overlapped somewhat with the OFT study and so Departments and agencies worked closely together to ensure that the responses to both were published simultaneously and were consistent. I pay tribute to the work of the power of information review, which was led by Ed Mayo, chief executive of the National Consumer Council, and Tom Steinberg, director and founder of mySociety. I suspect that in the time that I have left I will not be able to do justice to the quality of the work produced by Mr. Mayo and Mr. Steinberg. They produced an important piece of work, and the Government welcomed their review and accepted some 13 of their 15 recommendations.

I will write to my hon. Friend to address a number of the other more general questions that he raised and to give him some additional comfort on the time scale. In conclusion, I am grateful to him for giving me the opportunity to set out a little of the background to the Government's work in this area.

Question put and agreed to.

Adjourned accordingly at half-past Ten o'clock.

House of Commons

Tuesday 13 November 2007

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

WAYS AND MEANS

SESSIONAL RETURNS

Ordered,

That Returns be laid before the House for Session 2006-07 of information and statistics relating to—

(1) Business of the House;

(2) Closure of Debate, Proposal of Question and Allocation of Time (including Programme Motions);

(3) Sittings of the House;

(4) Private Bills and Private Business;

(5) Public Bills;

(6) Delegated Legislation and Regulatory Reform Orders;

(7) European Legislation, etc;

(8) Grand Committees;

(9) Chairmen's Panel; and

(10) Select Committees.—*[The Second Deputy Chairman of Ways and Means.]*

Oral Answers to Questions

HEALTH

The Secretary of State was asked—

Doctors

1. **Mr. David Heathcoat-Amory** (Wells) (Con): What estimate he has made of the number of British-trained doctors looking for permanent placements; and if he will make a statement. [162930]

The Secretary of State for Health (Alan Johnson): The estimated number of junior doctors who will complete their specialist training in England in 2007, and who are therefore likely to be looking for permanent posts, is 5,400. That number also includes those doctors who may choose to take a voluntary break before applying for posts.

Mr. Heathcoat-Amory: The Department of Health made a complete hash of negotiating the GP contract, giving doctors a great deal of extra money for doing what they were in many cases doing already. Does the Secretary of State agree that the contract has now attracted a great many doctors from overseas with the result that home-trained doctors are now unemployed in their thousands? When is the Department going to acquire some commercial sense and look after taxpayers' money properly and have better regard for doctors trained at taxpayers' expense who now have no prospect of a permanent placement?

Alan Johnson: The right hon. Gentleman is confusing several different issues.

On the GP contract, I do not accept that it was a bad deal. The contract reversed the trend whereby we were losing GPs because, by and large, medical graduates did not want to be GPs. The latest statistics show that 100 per cent. of GP training posts have been filled. The contract also incentivised GPs to look at preventive health issues for the first time—taking patients' blood pressure, for example—so prevention as well as cure is now their concern.

That contract has in no way led to the situation that I think that the right hon. Gentleman is getting it confused with. I accept that there is an issue about the fact that there are 10,000 international medical graduates trained as undergraduates abroad who are seeking positions in postgraduate training in this country, but we are seeking to resolve it.

David Taylor (North-West Leicestershire) (Lab/Co-op): We are in the position of having several thousand UK graduates who after seven years of training—and, in many cases, with substantial debts—are without work. They now face all the associated costs—both economic and human—that go with it. One of the worst indictments in the MTAS report related to the lack of centralised work force planning. Will the Secretary of State therefore reassure the House that he will ensure that such planning is introduced so that we never again face the scale of loss and injustice that we have seen in recent months?

Alan Johnson: Also apropos the previous question, no one will be unemployed when our employment guarantee ends on 31 December. The question from the right hon. Member for Wells (Mr. Heathcoat-Amory) was about British-trained doctors. There are 3,600 UK undergraduates who have not accepted a training post for 2007 and about 1,650 posts are still to be filled, though our undergraduates will be competing with international medical graduates. However, the sum total of all that is that, at most, we expect 100 people to be unemployed, because the vast majority of those applicants are already working in a job in the NHS. That is not to undermine the important points that my hon. Friend raised about MTAS and the distress caused to junior doctors this year.

The interim report on MTAS by Sir John Tooke—an excellent piece of work—set out a number of recommendations, which we are examining. They relate to the system in 2009 rather than in 2008, so we need to ensure that the lessons are learned for next year as well. It is a valuable piece of work and when we receive Sir John's final report, I know that it will ensure that the problems that we faced this year are not repeated in future years.

Peter Bottomley (Worthing, West) (Con): There will be opportunities—perhaps for the Select Committee—to discover who was responsible for how the modernising medical careers initiative and the medical training

application system developed. However, looking forward from now, will the Secretary of State make it plain who should be gathering evidence of where there are too few applicants in some specialties—as with applications for anaesthetics in London, for example?

Alan Johnson: Strategic health authorities should be doing that. The hon. Gentleman is absolutely right. In trauma and orthopaedics, there is only a 95 per cent. fill rate; in paediatrics, 95 per cent.; and in psychiatry, 94 per cent. Jobs are there if some trainees are prepared to pursue a career other than their originally intended one, but the information should be gathered by the SHA. As my hon. Friend the Member for North-West Leicestershire (David Taylor) said, we need to be much better at work force planning. If we follow Sir John Tooke's advice, we will get to a satisfactory end. One final point to note is that John Tooke himself said:

"Modernising Medical Careers (MMC) was an honest attempt to accelerate training and assure the fundamental abilities of the next generation of doctors".

It was not the concept of MMC that was at fault—we are now in a far better place than under the old opaque and unfair system—it is just that we need to ensure that the problems of this year are not repeated in the future.

Mr. Stephen O'Brien (Eddisbury) (Con): Until the mess that Ministers made of modernising medical careers, junior doctors were rightly accommodated free of charge in hospitals. Now we discover, after Ministers slipped it through on the sly—unannounced to MPs or to the doctors themselves—that doctors in their first year, who do not have the option of renting privately as they are required to move every few months from hospital to hospital around the country, are to be forced to pay rent to each hospital. Is there no depth to which Ministers will not sink in hammering our junior doctors?

Alan Johnson: There are many depths to which we will not sink—*[Interruption.]* I guarantee that they are diminishing all the time. I was unaware of the particular issue that the hon. Gentleman raises, and I will look into it. Sir John Tooke points out that the profession was also in favour of the basic principle of modernising medical careers. There was a real consensus on the need to move to a much more open system. Before that system was introduced, we had no national data telling us about shortages in differential specialties. It is the right road to pursue, but I shall look into the question of doctors being charged rent.

Mr. Brian Binley (Northampton, South) (Con): I was shocked to hear that the Secretary of State did not think that the new doctors' contract was a bad deal. We have now learned that salaries have increased by 25 per cent. and productivity has decreased by 15 per cent. If that is not a bad deal, could the Minister tell us what is? I cannot imagine a worse situation for my constituents in Northampton.

Alan Johnson: I think that the hon. Gentleman is talking about the GPs' contract, not MMC. Before 2004, GPs were retiring and not being replaced; medical graduates did not, by and large, want to be GPs; GPs were not incentivised in any way to look after their patients' well-being, and the profession was not paid decent money and deserved a new contract. I completely disagree with the hon. Gentleman and his Front-Bench colleagues who believe that we should return to a situation in which GPs are called out at 5 o'clock in the morning out of hours, and are then expected to treat people properly at 9 o'clock in the morning. I disagree that the GP contract was a mistake, and we intend to build on it to ensure that GPs are much better incentivised to increase access to health care, which is another public priority.

Abortion

2. **Ann Winterton** (Congleton) (Con): What plans he has to amend the law on abortion. [162931]

The Minister of State, Department of Health (Dawn Primarolo): It is accepted parliamentary practice that proposals for changes in the law on abortion come from Back Benchers and that decisions are made on the basis of a free vote. The Government's view is that the Abortion Act works as Parliament intended.

Ann Winterton: Bearing in mind the recent majority Select Committee report on the draft human tissue and embryos Bill recommending changes to the current law for abortion on demand, with the signature of only one doctor merely relating to the length of gestation, as well as allowing nurses to undertake the procedure, how will the Government ensure that the health of women is protected from subsequent well-documented and researched psychological damage, including higher suicide rates? Will all post-abortion sequelae be taken fully into account?

Dawn Primarolo: The requirement for two doctors signatures was believed necessary when the Abortion Act 1967 was passed, to ensure that its provisions were observed and that they safeguarded women. I note the Science and Technology Committee's report that the British Medical Association and Royal College of Obstetricians and Gynaecologists believe that there is no need for two doctors' signatures in the first trimester, and I am sure that Members of Parliament will want to take that into account when and if they vote on the issue in the House.

Mrs. Madeleine Moon (Bridgend) (Lab): My Bridgend constituency had a significantly higher-than-average number of abortions in 2005 among 18 to 25-year-olds. That was dealt with through improving the availability of local pregnancy advisory services and contraception and sexual health clinics to young people. Is not the need to improve the availability of advice and contraceptive services to young people rather than to amend the law?

Dawn Primarolo: I agree with my hon. Friend on the two important points that she makes. First, where access to abortion is required, it is important that that is undertaken as speedily as possible within the requirements of the Act. Some 89 per cent. of abortions are conducted under 13 weeks. She is also right that, alongside ensuring that the provisions in the Act are working as Parliament intended, it is also necessary to ensure that advice on sexual health is made available to young people and to others to ensure that they have every opportunity to control the point at which they become pregnant.

John Bercow (Buckingham) (Con): I put it to the Minister that reducing the 24-week upper limit and insisting on directional counselling—in other words, trying to tell women what to do, lest they otherwise would not do it—would be a thoroughly retrograde step for this House to take and that a far better reform of the abortion law would be to ensure much more equitable access to first-trimester abortion across the country and a proper and prudent extension of the range of professionals who can undertake that necessary procedure.

Dawn Primarolo: I understand that feelings on this issue are held strongly by Members of Parliament, and that they have differing views. But the point that the hon. Gentleman makes is right—where access to abortion is required, it is vital that it is as speedy as possible to ensure the health of the woman. Under the present arrangements, proper counselling and advice is given to women, and any attempt to delay access to abortion further increases the pressure on the woman and her health. If the matter is debated in the House, I am sure that those matters will be given careful consideration and the Committee's report will be looked at carefully by all Members.

Chris McCafferty (Calder Valley) (Lab): Does my hon. Friend agree that, as less than 1 per cent. of abortions take place at more than 20 weeks and that those cases are usually women in difficult and vulnerable positions, lowering the limit would not be the right way forward and would not help to reduce the number of abortions? Does she also agree—

Mr. Speaker: Order. One supplementary.

Dawn Primarolo: The studies that have been conducted on the operation of the Abortion Act, as amended in 1990, focusing specifically on the question of survival have demonstrated clearly that at 21 weeks none survive, at 22 weeks 1 per cent. survive and that at 23 weeks 11 per cent. survive. When abortion is allowed under the circumstances provided in the 1967 Act, as amended in 1990, the issue is how to ensure that the process is conducted speedily and in a way that safeguards the woman and the decisions that she has taken. I am sure that the House will give that careful consideration if and when it debates the issue.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): Would the Minister accept that the best way to reduce the number of abortions in this country would be to reduce the number of unwanted pregnancies by improving access to contraception and sex education, rather than seeking to deny access to a very small number of extremely vulnerable women who present late for abortion within the current law?

Dawn Primarolo: I agree entirely. What is crucial is that information on sexual health and sex education are provided in a comprehensive fashion to ensure that every person understands the responsibilities that they will undertake in parenthood. There is also a requirement to ensure that the services that the Government provide on contraception are appropriate and widely available.

Maternity Services

3. **Norman Baker** (Lewes) (LD): If he will make a statement on the level and quality of provision of maternity services in Sussex. [162932]

7. **Mr. Nigel Waterson** (Eastbourne) (Con): If he will make a statement on the downgrading of maternity services in (a) Eastbourne and (b) England. [162936]

The Parliamentary Under-Secretary of State for Health (Ann Keen): Proposals for the reconfiguration of services and the responsibility to provide the appropriate level of very high-quality maternity services are a matter for the NHS locally, working in conjunction with clinicians, patients and other stakeholders. The safety of mothers and babies is our top priority. In April, we published "Maternity Matters", which sets out how we will deliver local provision of safe, high-quality maternity care for all women and their babies.

Norman Baker: Is the Minister aware that, under proposals tabled by two separate and unconnected primary care trusts, two of the three hospitals that supply maternity services to my constituents—the Eastbourne district general hospital and the Princess Royal in Haywards Heath—will see those services disappear? The third hospital, the Royal Sussex in Brighton, is already at capacity and regularly turns mothers away because it cannot handle the extra casework. Is she going to take action to intervene, or will she provide mobile facilities for mothers who cannot make it to the nearest hospital?

Ann Keen: Yesterday, I met Nick Yeo, the chief executive of both the East Sussex Downs and Weald PCT and the Hastings and Rother PCT, so I am well aware of the hon. Gentleman's concerns. The local health overview and scrutiny committee has referred the consultation process to the Secretary of State for Health, and the Independent Reconfiguration Panel is currently considering the referral.

Mr. Waterson: But is the Minister aware that when asked about maternity services on 6 November this year on BBC Radio 2, the Secretary of State said that "you shouldn't be going 20 miles, 20 miles is a bit far"? Will she therefore abandon today the absurd and dangerous proposals that, in my area, will involve pregnant mothers travelling 21 miles over the extremely poor roads between Eastbourne and Hastings?

Ann Keen: I am sure that the hon. Gentleman has experience himself of remarks sometimes being taken out of context. The consultation in his constituency ended on 27 July and the PCT is evaluating the responses to that consultation. Therefore, we have to wait, but I am happy to see him at any time he wishes.

Mr. David Chaytor (Bury, North) (Lab): My hon. Friend will know that the reorganisation of maternity services in Greater Manchester is one of the largest, if not the largest, in the whole country. She will also know that the report of the Independent Reconfiguration Panel gave an absolute assurance that no change should take place to local services until community midwifery

Mr. Gerald Howarth: Will the Chancellor give way?

Mr. Darling: No, I will not.

The Queen's Speech introduces measures to enable this country to meet the challenges of the future. The Conservatives have absolutely nothing to say on the long-term future of this country, whereas we have the vision, the commitment and the means to deliver—that is why the Queen's Speech should be supported tonight.

2.44 pm

Julia Goldsworthy (Falmouth and Camborne) (LD): We have heard a lot of talk about vision today, as we did in the run-up to the Queen's Speech. One would have thought that given that this subject is the new Prime Minister's former portfolio it would be the key area where we would see the heart of his vision. However, anyone who was eagerly anticipating today's debate should have learned their lesson from the Prime Minister's last Budget as Chancellor. In the run-up to that Budget, we were promised that he would flesh out the vision for his planned premiership. The reality was a let-down. His last Budget was long on superficial and eye-catching proposals but short on vision and fairness. There was nothing to tackle the unfair council tax and nothing to simplify the tax system. As a country, thanks to the Prime Minister, we are now the proud owners of the longest and most complicated tax code in the world. His proposed changes to income tax leave millions of people on low incomes paying a higher marginal rate of tax through the abolition of the starting rate which he himself introduced.

The Chancellor spoke today about child poverty and the importance of tackling it. Many millions of the people who will pay higher rates of tax because of the abolition of the starting rate have children who are part of exactly the group that the Chancellor says that he wants to get out of poverty. He may well say that child tax credits and other benefits will help to lift those people out of poverty, but the problem is that the take-up of many of those benefits is very low, and the system of overpayments is leaving many of my constituents with significant difficulties. There is no vision—at best, a sleight of hand, which we will debate in next year's Finance Bill, as announced in the Queen's Speech.

The Chancellor is right that we have had 10 years of relative stability, thanks in no small part to the decision to make the Bank of England independent, which we supported at the time. However, in the months following the Prime Minister's last Budget as Chancellor, it has become increasingly evident that our economy is increasingly exposed to uncertainty. Repossessions are on the increase, oil prices are rising, there is a credit crunch in the US, over the summer we had the experience of Northern Rock—the first run on a bank for more than 140 years—and only yesterday the Royal Institution of Chartered Surveyors spoke of house prices beginning to fall. Weaknesses in our economy are becoming exposed. Now, more than ever, we have a need for vision, but instead the Government are responding to events instead of anticipating them, and tinkering around the edges without tackling the fundamentals.

What makes matters worse is that the Conservatives seem happy to join the skirmishes rather than seek to provide their own vision. In the opening debate on the Queen's Speech, the Leader of the Opposition proudly said, when referring to the Prime Minister's plans to change flight taxes, inheritance and non-dom tax:

"it was our vision, not his."

He went on to add:

"The difference between our policy and the Prime Minister's is that we thought of it and he stole it."—[*Official Report*, 6 November 2007; Vol. 467, c. 20-33.]

What an outstanding achievement for the Opposition.

The Liberal Democrat Treasury team have invested substantial time in developing proposals in these areas.

Mr. Stewart Jackson: No one noticed.

Julia Goldsworthy: Obviously, the hon. Gentleman's Front Benchers noticed when they came forward with their proposals, as was acknowledged earlier.

We have long called for a tax on aviation. We considered ways in which non-doms could pay their fair share. We had proposals that reconsidered inheritance tax; I seem to recall that it was the Liberal Democrats, not the Conservatives, who raised that issue in relation to this year's Finance Bill. We have a consistent track record on this, not the sudden revelation that seems simultaneously to have struck the Conservative and Labour parties. However, such proposals in themselves do not constitute a vision—they have to be part of much more comprehensive proposals, which we have put forward, to make the tax system simpler, fairer and greener. I am sorry to point out to the Chancellor that proposals alone do not add up to vision, and I am sorry to point out to the hon. Member for Tatton (Mr. Osborne) that simply saying, "We got there first," does not constitute a vision either. The hon. Member for Rhondda (Chris Bryant) mentioned intellectual property rights. If there were intellectual property rights on policy, we would be a very rich party.

Let me look at the proposals in more detail. On inheritance tax and non-doms, there is a poverty of wider vision. The Government's proposals offer nothing that was not already available to people who were able to access advice on tax planning. It is a welcome simplification in some respects because it means that people will not lose out because they did not understand the rules, but it comes at a significant cost—as the Blue Book showed following the pre-Budget report, £1.4 billion by 2010. The Conservative proposals to raise the inheritance threshold to £1 million are superficially similar but even more expensive. In both cases, a flat charge on non-doms will not be sufficient to meet the cost, and it will end up crippling essential workers while other non-doms, such as Lord Ashcroft, will hardly notice the difference—it is barely equivalent even to the amount of money that he might spend in one target seat. It is nothing short of irresponsible scaremongering for the Conservatives to claim that 37 per cent. of people will be affected by inheritance tax. It is based on dubious research, which was commissioned by Scottish Widows but subsequently removed from its website. The research showed that 37 per cent. of people owned homes worth more than £210,000. An assumption was then made that they would have assets worth more than £94,000 and that they would not need to sell their homes to make up for inadequate pension provision. Some people will be in that lucky position, but certainly not 37 per cent. of all people, let alone homeowners.

Most importantly, neither of the sets of inheritance tax proposals do anything to address the greatest inequality in the inheritance tax system: the fact that the richest of all manage to get out of paying it altogether. The number of estates worth more than £1 million that pay inheritance tax has actually fallen in the past few years. Ultimately, if a person is wealthy enough to employ the right tax adviser, they can ensure that they end up paying no inheritance tax at all. Neither the Government's nor the Conservatives' proposals will ensure that those with the most valuable estates get the same treatment as everyone else. That is why our proposals on inheritance tax were set in the context not only of changes to non-dom tax treatment, but of looking again at the lifetime gift rule. A person with assets other than their house will find it easier to give them away tax free, provided that they do so seven years before their death. That is why we want to change the time limit and invest those proceeds in lifting the inheritance tax threshold. Our proposals would ensure that inheritance tax changes are not caught by fiscal drag and they would make the system fairer as well.

Chris Ruane (Vale of Clwyd) (Lab): Will the hon. Lady inform us what the time limit would be?

Julia Goldsworthy: We put forward those proposals during consideration of the Finance Bill. We were trying to make them more sustainable, so that there would be a better relationship between dealing with the matter and the lifting of the threshold than there would otherwise. The Chancellor's proposals will tackle the issue partially, but as I said before, they do not deal with the fundamental fact that the number of estates worth more than £1 million is actually decreasing.

Mr. George Osborne: I am sorry to have to follow up a question from a Labour Back Bencher—*[Interruption.]* Well, it is a bit of give and take. They follow my tax proposals, I follow their questions. What is the time limit? Would there be a situation under Liberal Democrat proposals, if they were ever to produce a Budget, where a car given to a grown-up child by a parent would count later on for inheritance tax purposes?

Julia Goldsworthy: No, I do not think that that would be the case at all. Given the context that life expectancy is rising, the matter should be looked at again. I will not have any of the problems the hon. Gentleman's Front-Bench colleagues will have in dealing with the issue during consideration of the Finance Bill.

The capital gains tax proposals are a wasted opportunity because there is a chance to have a much wider debate, rather than the narrow one we will have on the proposals brought forward by the Government. It seems that those proposals were part of the frantic preparation for a general election that never was, and perhaps that is why the Treasury thought that it would be able to get away with them despite the fact that they are so flaky. It is right in principle to simplify the system, but I wonder whether that was the primary motivation of the Government in introducing their proposals. Let us not forget that taper relief was the Prime Minister's creation in the first place.

Proper scrutiny will be needed of whether retirement relief will be made available. There was an indication that it might be in an interview with a newspaper, but as the hon. Gentleman made clear in his comments, small businesses need certainty because they may be making decisions in the next few months about how they treat their businesses. It is clear that the proposals will create some ridiculously perverse incentives. In my constituency, second home ownership is a significant issue in many communities, and second home owners will receive a tax cut as a result of the proposals. It worries me that more and more people will consider home ownership as a way of investing money and getting a tax break; we will not have a fair tax system.

There is a real need for debate, but the question is one of the distinction between capital and income. For a lot of people, that distinction is becoming increasingly blurred, and people make decisions based on how much tax they think they will pay. Our concern is that the proposals will make matters worse. What impact will the way in which the Government dealt with the issue have on share ownership schemes, for example? Before, there was an incentive for longer-term investment, but now that has been removed, and a lot of higher-rate taxpayers will have an incentive to shift more into capital rather than income.

There was an opportunity for a much more fundamental look at the tax system with regard to how capital and income are treated, and that opportunity has been wasted. The Government are pre-empting an argument, rather than opening up a debate. The irony of the position of the Conservative Front Benchers is that their party opposed the introduction of taper relief in the first place, and they are now opposing its abolition. We hope to use the opportunity of the debate on the Finance Bill to raise the issue more widely.

The banking system legislation proposed in the Queen's Speech was not included in the pre-legislative teaser that the Prime Minister gave us before the summer recess. It is a reaction to the events concerning Northern Rock during the past few months. It will improve the current framework for dealing with banks in distress, and will include arrangements for deposit protection. It is necessary and right that the deposits of investors are guaranteed to protect against runs on financial institutions. However, what is the genuine motivation behind the proposals? Is it to support savers, or to protect the economy by backing up our banks? It certainly will not offer any comfort to those affected by the Equitable Life scandal or, for that matter, people who invested in Farepak last year and saw their savings disappear.

Mr. Maples: I may have misheard the hon. Lady but I think that she said that it is right for the Government to guarantee depositors. Is she saying that the Government should guarantee all the liabilities of the British banking system? That seems to be what she is saying.

Julia Goldsworthy: No, absolutely not.

Mr. Maples: What is she saying then?

Julia Goldsworthy: Up to £30,000. That is the issue we shall discuss when the legislation is introduced.

[Julia Goldsworthy]

Let us hope that the legislation will make it clear that the Government will not become the lender of last resort without the condition that the board of management are dismissed. We shall focus on that issue when we consider the legislation. Again, however, important wider issues are not being discussed, such as the need to ensure that banks adhere to fair and responsible lending practices; the implementation of the recommendations of the Cruickshank report; and a more detailed look at the tripartite relationship between the Financial Services Authority, the Bank of England and the Treasury. The FSA needs real teeth; the Northern Rock affair has undermined its authority.

The risk of moral hazard, which was raised by the Bank of England, must be addressed, and the Treasury and the Chancellor must show decisiveness. Will the Chancellor admit that his hesitation in announcing deposit insurance for savers added to the numbers we saw queuing to withdraw their funds from Northern Rock? The Chancellor's actions on that issue do not inspire confidence. Much of the action in the aftermath of those events has been unsatisfactory, not least today's refusal by the Prime Minister and the Chancellor to be open about the value of loans that are being offered to Northern Rock, or the question of whether any interest will be written off. There is a huge question of whether that constitutes state aid. I welcome the Chancellor's announcement that he will bring forward clearer proposals, but given that public money is involved, it is in the public interest for information to be made available.

On the pensions Bill, we are concerned that the consensus is in danger of falling apart. The Liberal Democrats proposed the idea of personal accounts several years ago, and we want them to be a success, but that means addressing crucial issues, which means requiring the Government to change their position. We do not want to give up on the idea that consensus is possible, but the Government must accept that that requires give as well as take. At the moment, the consensus is undermined by the Government's failure to address the backdrop to the pensions proposals.

Turner made it clear in his report that his proposals had to be adopted as a package, not cherry-picked. However, as the right hon. Member for Birkenhead (Mr. Field) said in the aftermath of the Turner report, the Government's proposals appear designed to get them through the next seven days, rather than the next seven decades.

The Secretary of State for Work and Pensions (Mr. Peter Hain): The hon. Lady said that there should be give and take, and referred to Lord Turner. He supports the Bill in its entirety, as do the entire pensions industry, the CBI and many others. I am grateful for her colleagues' contribution to the issue, but what does she mean by give and take?

Julia Goldsworthy: I am pleased that the right hon. Gentleman has intervened. We have concerns about three areas, in which we feel that some of the points highlighted by Turner have not been comprehensively adopted. First, Turner made some clear remarks on means-testing. We are concerned that the continuation of means-testing will undermine confidence in personal accounts.

People will be right to question the point of investing savings in a personal account when all that will achieve is simply lifting them just over the threshold that will entitle them to, for example, other means-tested benefits. They will ask, "Are we saving for ourselves, or to save money for the Government?" By 2050, 45 per cent. of pensioners will still be dependent on means-testing. That is a crucial weakness, which my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) will pursue when dealing with the measure.

The second point ties into a wider issue about ensuring that people can access high quality, generic financial advice. It will not be worth some people's while to invest in a personal account because they have significant personal debts. It would not be financially rational for them to invest in the long-term when they have significant debts that are at a higher rate of interest. They need to be able to access advice, and we are worried that the proposals that we have seen so far do not include a package to deal with that.

We are also worried about the delay in the restoration of the link with earnings, which will result in continuing means-testing and undermining the incentive to save. The Conservative response to all that is inadequate to say the least. It is all very well saying that people can get their money back if it is not worth their while to contribute. However, who will make that judgment? Would not those people prefer to have the money when they earned it rather than having to wait until they retire for a rebate? It seems as though the point is being missed. I hope that there will be constructive dialogue on tackling some of those issues.

Rob Marris: The hon. Lady began her speech by talking about other parties stealing her ideas and then went on to say that wider issues require consideration and that we need to examine this, that and the other in more detail. She is scattering ideas, not policies. Policies need to be juxtaposed and have some consistency. They also need credibility. She reminds me of the famous sketch with Eric Morecambe and André Previn—"I'll play the notes but not necessarily in the right order." Her vision seems to extend only as far as seeing the piano—not even to playing a single policy note.

Julia Goldsworthy: Our pensions policy is a classic example of vision: a citizen's pension and restoring the link with earnings as soon as possible rather than delaying it for a long time into the future. The policy will ensure that people in Britain have real certainty about their future.

It concerns me that the Prime Minister was up to more of his usual tricks in the Queen's Speech. What is often paraded as simplification hits people's pockets. Subjects that we will consider in this Session's finance Bill—a cut in the basic rate, funded by abolition of the starting rate; changes to capital allowances for small businesses dressed up as simplification—appeared in the last Budget. However, they are incomplete. We have seen only part of the proposals, with a promise of more later. Capital gains tax simplification happens to raise significant amounts of money.

The Chancellor said that one of the points that the Conservatives had missed in their remarks on the Queen's Speech was the environment and green taxation. He then proceeded not to mention it again for the rest of his speech. It is interesting to note that some work is being done on the proposals in the pre-Budget report. I understand that they are set to raise £500 million. However, the Treasury gave no indication of the exact mechanisms that will be put in place to achieve that. Again, it all seems very short-term.

Chris Ruane: Where is your policy?

Julia Goldsworthy: We have a series of proposals that are readily accessible on the party's website. However, we are currently dealing with the legislative programme that the Queen's Speech outlines and I am trying to limit my remarks to that.

All the proposals raise billions of pounds but nothing indicates a clear simplification programme. The cuts hardly increase fairness, and there is no clear statement of simplification or that it will be made on a tax-neutral basis. That does not inspire confidence.

The national insurance contributions Bill is another example of what I have described. Again, we support the principle because it makes sense for national insurance contributions and income tax thresholds to align, but there are cost implications for the amount of tax that people pay. Why could not the Treasury be up front about that? Why could not the Treasury be explicit and demonstrate that the policy is designed to make the tax system fairer and simpler, rather than being an underhand way in which to raise revenue.

Mr. Peter Bone (Wellingborough) (Con): I have listened to the hon. Lady's comments with great interest. However, the Liberal party tabled an amendment that has not been mentioned. When did the Liberal party decide that its contents were a good idea? What is its importance?

Julia Goldsworthy: The amendment was mentioned in the foreign affairs debate. If the hon. Gentleman was present, he will realise that it was discussed in some detail. Today's debate is about the economy and pensions. Obviously, we will have the opportunity to discuss the matter at great length when we debate the constitutional reform treaty. The amendment will be pressed this evening, after that of the official Opposition.

We agree with the Government about some matters. For example, we believe that the measure on dormant bank and building society accounts makes sense. However, again, I wish that the Government had done more to make their thinking explicit. Although we agree with the principle that the money should be made available for youth projects, I am worried that it has accrued over a long time and that, if it is treated as revenue, it will not go as far as or help the projects in the way in which it should. Clearly, those issues will have to be ironed out, even though we support the principle.

I am most concerned about the Government's silence on an issue about which they have consulted widely and about which reports have been written, but as yet, no action has been taken. It is a tax that everyone pays every year, is not related to the ability to pay, and increases consistently at a rate above inflation. If the Prime Minister wants to demonstrate vision, he could do so by taking a comprehensive look at the council tax because the position of local councils is becoming increasingly unsustainable.

The Chancellor mentioned in his pre-Budget report the fact that he was expecting the council tax to increase by up to 5 per cent. in the next three years. That rate is significantly above inflation. Today, the Conservatives let the Prime Minister and the Chancellor off the hook because they have no ideas on the matter. They have written off every other idea. For a moment yesterday, when I listened to the radio, I got excited. I thought the Conservatives might have something substantial and interesting to say. I should have known better. Even one of their council leaders when referring to the new big idea on referendums on council tax increase could say nothing better than "It's a start."

On *The Guardian* website today, Simon Jenkins said:

"The Tories for their part lack almost as much bottle as Labour. Cameron clearly suffers the same 'Treasury capture' by George Osborne as Blair did by Brown. Yesterday he unveiled his localist big idea and it was a mouse, reviving Michael Heseltine's 1981 local plebiscites on tax levies above a centrally capped limit."

Local government can hold referendums on whatever and whenever it wants. All that does is centralise funding; it does nothing to localise funding. It does nothing to tackle problems that the Lyons report clearly identified. We need clearer action. It looks as though it is down to the Liberal Democrats to provide that vision and we are happy to do so.

Stewart Hosie: I am listening carefully to the hon. Lady's comments about council tax. Do I take it that her colleagues in Scotland will back the Scottish Government's Budget today to freeze the council tax as part of the move towards implementing a local income tax?

Julia Goldsworthy: We certainly welcome moves towards a local income tax, but it is not for us here to dictate what Members of the Scottish Parliament should say.

Our "axe the tax" proposals to get rid of council tax and replace it with a local income tax are part of a package, as are our pensions proposals. We have a vision of a tax system that is fairer and simpler, and a pensions system where people know what to expect. In both cases, the packages are fully worked through and designed to inspire confidence, not arouse suspicion or generate confusion.

Such vision is sadly lacking from Conservative and Labour Members, as demonstrated by their remarks today. The sad thing for the Prime Minister is that he had vision once. The proposal to make the Bank of England independent, which was put forward when he was first Chancellor, and which we supported, demonstrated that. However, now the Prime Minister is Old Mother Hubbard—he goes to the cupboard only to find it bare. The world today is a very different place. As a country, we must face up to a new economic outlook. Mechanisms are needed to deal with instability in the housing market and the looming

[Julia Goldsworthy]

problem of large numbers of people who may not be able to maintain their mortgage and risk losing their home.

Mechanisms are needed to translate the Chancellor's homilies about responsible and old-fashioned lending into practice. Those mechanisms require vision from the Government. Instead, they are just hanging on, waiting desperately for good news. The Conservatives are happy to wait with them because when there is no good news, they seem to think that simply saying "I told you so" is sufficient. Liberal Democrats know that they are both wrong.

3.9 pm

Mr. Michael Meacher (Oldham, West and Royton) (Lab): The Queen's Speech has far too readily been dismissed as lacking any forward movement. I strongly disagree. It is good that after two decades of neglect of social housing, amidst the triumphalist ideology of private ownership, the national scandal of huge unmet housing need is at last being addressed. Extending flexible working to millions more people is an important contribution to personal freedom and to achieving a better work-life balance for a nation that has the longest working hours in Europe. It is also surely an important ambition to make training and education mandatory for all under-18s, because the low qualifications with which so many of our children and young people leave school are one of the major factors holding them and the nation back.

Lorely Burt: Will the right hon. Gentleman give way?

Mr. Meacher: I have a lot more to say, but if the hon. Lady wishes to intervene at this stage, I shall take her intervention.

Lorely Burt: I am grateful to the right hon. Gentleman for giving way so early in his speech. He mentioned flexible working, and I introduced a Bill in the previous Session to do exactly the same thing that the Government now propose. Although we welcome the fact that flexible working is being introduced in interim stages, does he agree that we should consider this as part of a long-term strategy to ensure that all workers in the United Kingdom have the right to request flexible working?

Mr. Meacher: I think that that is implied. A better work-life balance, not just for women but for men, too, is gravely lacking in this country and that is one of our biggest drawbacks. I repeat that we have by far the longest working hours, so I welcome what is proposed and I accept the vision that the hon. Lady described.

The Government need some commanding themes by which their distinctive vision can be clearly understood. I want to propose three. The first is democratisation, which my right hon. Friend the Prime Minister adumbrated in his first statement to Parliament, and extremely welcome it was too. However, democratisation must stretch a great deal further than giving Parliament a right to vote before the country goes to war, as I think he realises. Parliament needs real new powers on a much broader front. Some examples include powers to elect Select Committee members and ratify Cabinet nominations made by the Prime Minister—that is not a particularly traumatic proposal, because something similar already happens with congressional hearings in the United States. Other examples are the power to approve the membership and terms of reference of committees of inquiry proposed by the Prime Minister and the power to set up our own parliamentary commissions to investigate particular issues—a recent example about which I feel strongly is extraordinary rendition—when the Government refuse to do so.

However, it is not just in Parliament that there is a democratic deficit. An even bigger one now exists outside. Over the past 30 years power has become so centralised and the regulatory authorities gradually so enfeebled that, so far from corporate power being regulated, the biggest businesses have increasingly co-opted the powers of the state for their own commercial ends. Let me give a few recent examples: the current loosening of controls over power station, airport and incinerator developments, which are part of the Queen's Speech; the failure to regulate unhealthy food advertising because of objections from the food industry, despite the growing obesity epidemic; the notorious withdrawal of the Serious Fraud Office investigation into allegations of corruption against BAE Systems; and the relaxation of the gaming laws to permit a flood of gambling casinos.

It sometimes seems as though accountability has all but vanished, at least in some parts of this country. Perhaps the most telling example, which has already been discussed at length today, is Northern Rock. The crisis is now costing £23 billion in loans from the taxpayer, plus, I understand, a £2 billion interest charge—almost equal to the entire annual defence budget—and yet nobody is held responsible. The Bank of England, the Financial Services Authority and the Treasury are all blaming each other. What action is being taken, and by whom, to face up to the fundamental mistakes that led up to the crisis, including the reckless lending practices of the chief executive of Northern Rock and the flawed structure of regulation put in place a decade ago?

The question has to be asked: why was Northern Rock not temporarily taken into public ownership—not back into public ownership; it was never in public ownership—as was done in the secondary banking crisis in 1974, in order to avoid a run on the bank and retain depositors' confidence without such a colossal haemorrhage of public funds? The answer, which says something significant about the structure of power in our country, is that the neo-liberal agenda of deregulation, privatisation and unfettered markets is, unaccountably, still being imposed above everything else, even at phenomenal cost to the taxpayer, so that public ownership is not seriously mooted as an alternative.

This issue has not yet been touched on, but what action are the Government going to take to address the mania for securitisation, collateralised debt obligations and all the other opaque and dodgy financial derivatives that have so dramatically and comprehensively destabilised the markets? Despite all their deregulating instincts, do the Government not acknowledge that stricter regulation of the financial markets is now necessary if the frenzy—it will no doubt go into abeyance for a time because of the

current crisis, but it will return—for newfangled financial instruments that are deliberately designed to be deceptive about risk and value is to be curbed?

That is all about one section of society—the élite end—but what about the other end? There again, the checks and balances against the arbitrary use of power have been and remain severely restricted. Civil liberties have been eroded, as we are all aware. The introduction of ID cards and two months' detention without charge, both of which I deplore, are still being mooted. Workers who have been in their jobs for less than two years can still be arbitrarily dismissed without any rights, while temporary and agency workers remain an exploited underclass. Of course, that is mainly at the behest of the CBI; and if I may say so, the Government should stand up to the CBI rather more resolutely. Accountability or, indeed, any redress for alleged misdemeanours by the police, judges, banks, private utilities or big corporations is, as all hon. Members will know from their surgeries, often hard to get, if not almost impossible. It is not unfair to say that powerlessness is widely felt to be endemic throughout society. I believe that the Prime Minister and the Government want to deal with that, but doing so will require a great deal more than focus groups or citizens' juries.

A second commanding theme that the Government —this Labour Government—should prioritise is a fair, balanced, participatory society. That means dealing with the scandal—it is no less than that—of excessive inequality that has now reached grotesque levels. The Chancellor was absolutely right to say that the Government have a highly creditable record on child poverty. They have reduced it by more than 600,000 from the record level of 3 million that it reached under the Tories, and they have made it clear that they intend to go much further. The problem is that, while poverty has been reduced, the income and wealth of the rich have increased disproportionately, and inequalities have therefore grown. We have now reached a position in which a worker on the minimum wage gets about £200 a week, and if he happens to work for one of the top FTSE 100 companies his boss will be getting a staggering £70,000 a week, according to the latest surveys. That is 350 times more. I defy anyone to justify that.

Given the present private equity excesses—they will no doubt be blunted by the banking crisis—and the fact that capital and business taxation is at its lowest for a century and direct and indirect taxes are now pretty regressive, we are now in danger of returning, unless we are very careful, to the polarised—income-polarised, at least—class system of the Edwardian era. Redistribution is a taboo word that has been banished from the political vocabulary for far too long, but it needs urgently to be reintroduced. It was not helpful that in the pre-Budget report the 6 per cent. richest in our society who pay inheritance tax were handed a gain of some £1.4 billion a year, while working tax credits for the poorest children were increased by only 40p a week.

Mr. David Gauke (South-West Hertfordshire) (Con): Will the right hon. Gentleman give way?

Mr. Meacher: I will, but I have to say that the hon. Gentleman's own party has very little right to intervene on this matter, on which it so badly misbehaved during its 18 years in office.

Mr. Gauke: One of the changes in the pre-Budget report that will favour some of the wealthiest in society is the reduction in the capital gains tax rate that will apply to non-business assets. That will mean that those of us who own second homes will be paying less capital gains tax on any profits made on those properties. Does the right hon. Gentleman oppose that policy?

Mr. Meacher: I do think that the reduction from 40 to 18 per cent. needs to be looked at very carefully. I know that what has excited the City has been the increase from 10 per cent. to 18 per cent., but as the hon. Gentleman points out, there is another dimension to this issue, and given the costs involved, we ought to consider very carefully whether this is what we intend. The reform was aimed at tackling the increase for those who gain massively from private equity transactions, and I do not think it was aimed at the other side. We ought to look into this matter further.

The imbalance to which I have just referred needs to change radically. Indeed, it has to if the Government's other laudable aims of reducing social disorder are to be achieved. There is abundant cross-national evidence that, in societies where income differentials between rich and poor are smaller, there is less violence, including substantially lower homicide rates, prison populations are smaller—an important issue for this country—community life is stronger, people are more willing to trust each other, health is better, life expectancy is several years longer, there is more social mobility, and educational attainment at schools is higher. That might sound like a wish list. Indeed, I found it difficult to believe until I read several surveys from different countries that illustrated those facts. The truth is that there will be no vision to excite a political response in this country until this fundamental divide, which has now grown so wide, is tackled.

I do not want to duck the question "What would you do about it?" which has been rather prevalent in this debate. I believe that, first and foremost, what is needed is much greater transparency. That might involve establishing a pay commission to set down guidelines for a reasonable range of incomes between rich and poor, and applying incentives, of which I am all in favour as long as they are applied consistently right across the range from rich to poor, not just at the top.

Equally, people should be asked whether they think it right that, in all large and medium-sized organisations, the representatives of all the main grades from the boardroom to the cleaners should, at an annual meeting of the company—a private meeting, not a public one—have to justify the pay claims that they are making at the expense of potential pay increases for all other grades. That is my view, but the proposal should be tested more widely. If people believe that it is right, implementing it would inspire a vision of real fairness unmatched by so much of the rhetoric of today.

The third component for a vision that is sorely needed in Britain today to redress the slide into privatised power and money is a renaissance of the

[Mr. Meacher]

high ideal of public service. Putting some of the largest US health care operations in charge of commissioning the bulk of NHS services, as is now happening, and spreading privately sponsored academies throughout the education system—with, according to the latest evidence, distinctly mixed and counter-productive results—has much more to do with market dogma and business lobbying than with improving performance on the ground.

That applies equally—I say this with real feeling, given the situation in my constituency—to housing, where there is a serious breakdown involving 1.6 million people being on local authority waiting lists. In my constituency, there are 11,000 people on the waiting list yet the total number of council houses after all the sell-offs is only 12,000 or 13,000. There are also 100,000 homeless people in this country. As the Chancellor has said, the Government are trying significantly to increase house building, which I strongly welcome, but the extra 40,000 homes a year is still greatly inadequate. The Government still seem to put too much emphasis on private owner-occupation, when the poorest quarter of the population will never have the necessary wage levels and job security to pay a mortgage.

Other areas of concern include the privatising of the probation service and the outsourcing of local government functions through the euphemistically named strategic development partnerships. Something else that really distresses me is the swingeing cuts at the BBC. I am all in favour of value for money, but those cuts are being made on such a scale as to put the whole concept of public broadcasting at risk. I think that those are areas where there is a strong case to call a halt and undertake a full-scale review, as I believe my right hon. Friend the Prime Minister seemed to be hinting at and recommending.

John Mann (Bassetlaw) (Lab): Before my right hon. Friend goes any further, I want to clarify what he was saying about the purchase of council houses. Is he saying that working-class families in my constituency living in council housing or former Coal Board housing should not have the same right to buy a house that he, I and every other hon. Member has? Is that the policy that he is suggesting the Labour Government should introduce? If so, I suggest that he is in a tiny minority.

Mr. Meacher: Of course I believe that people who live in council houses and have the capacity and wish to buy their house should be able to do so. What I also strongly believe, however, is that the proceeds from those sales should not be extracted centrally and should be available to local authorities so that the total stock of housing in the area is not reduced. The problem is that, as in my constituency, the supply has been so drastically reduced that it is impossible to house people who can afford only rented housing. It is not possible to get it from private landlords on anything like the scale required. As I keep having to tell people who come to my constituency surgery in agony and with desperate needs, the houses are not available. I tell them that the Government are trying to deal with the problem but that it will take many years.

To conclude, I believe that a good case can be made for restoring the ethos of public service in all those areas. Its ethos of accountability, equity, universality, professionalism and altruism would resonate with the British people and would be highly politically popular. I believe that it is a good Queen's Speech, but that there is also a real need for a distinctive vision in Britain today. The three themes that I have tried to outline would, I hope and believe, go a long way to meet that challenge.

3.31 pm

Mr. John Maples (Stratford-on-Avon) (Con): I have not heard a speech like that in this place since the 1980s, so I am feeling quite nostalgic. The right hon. Member for Oldham, West and Royton (Mr. Meacher) was making the same speech back then, when I first came to this place. The difference is that there were then about 350 Labour MPs making that sort of speech, whereas now he is the lone and authentic voice of those days. I shall not follow him in all the issues that he raised, but I do want to talk about Northern Rock. In fact, I shall talk only about Northern Rock.

To provide some credentials for this debate, I was a junior Minister at the Treasury when BCCI—the Bank of Credit and Commerce International—was closed and went under and when we had a banking crisis. I am very glad that I did not have to take the decisions. The Chancellor's decisions then—I assume that that is so of decisions taken in the past month—were some of the most difficult that a Chancellor ever has to make. I had a front-row seat, as I was at all the meetings with the Chancellor and the Bank of England—and they often took place daily. I think that Normal Lamont would say that those were the most difficult decisions that he ever had to take. At the risk of incurring some displeasure in my good friend the shadow Chancellor—perhaps the Financial Secretary will convey this sentiment—I expect that the Chancellor's recent decisions were the most difficult that he will ever have to make as Chancellor, unless he has another banking crisis on his hands in the near future, which we all seriously hope he does not.

There has been a lot of criticism of what various people have done, but it has to be placed in the context of having a bull market for about 15 years, in which there has been easy credit and easy monetary conditions. Those things always end in a credit crunch of one sort or another, and the marginal players go to the wall. They find that they are either not making money and are insolvent—that was not the case in this instance—or become illiquid and cannot raise the funds to replace their debt as it rolls over. That always happens and it was to be expected that it would happen. One can never predict exactly where and how the impact will occur, but it is one of the inbuilt weaknesses of our very sophisticated and developed financial markets. It would be interesting to debate whether that is a good or bad thing. Most free-market economists would, I think, say that it was a good thing—a self-correcting mechanism—but one of the unfortunate by-products is an occasional banking crisis.

Let me deal with the Bank of England first. It has been criticised on two counts. One is that it should have injected liquidity into the market earlier; the second is

that it should have been much quicker in making a loan to Northern Rock. It would have liked to have been able to do that covertly rather than overtly, and it blamed the regulations. I am not sure that it would have made any difference if it could have done that covertly, as it would have become known very quickly.

The Governor of the Bank of England gave an eloquent exposition of the moral hazard of injecting liquidity into the market. My understanding of the moral hazard is that bailing people out from their mistakes just encourages them to make more. I think that it was Burke who said that protecting people from the consequences of their folly just populates the world with fools. There is a fine and difficult line to be drawn between where we should bail people out because we are worried about the system going under, and where we should stop bailing them out because we are worried about provoking more of the foolish behaviour that created the problem in the first place. The Bank of England is not open to the kind of blame that has been attributed to it. The Financial Services Authority certainly looked a bit slow—

Mr. George Mudie (Leeds, East) (Lab): The hon. Gentleman is making a thoughtful and welcome speech. I do not think that it is the Governor of the Bank of England's decisions that are under attack but his inconsistencies, which are not helpful. Does the hon. Gentleman not agree that the market wants above all good judgment and consistency from the Bank of England and its Governor?

Mr. Maples: I am not sure whether good judgment and consistency necessarily go together. I certainly agree that good judgment is needed, but such situations are almost all one-off and ad hoc, and a judgment must be made on the day. The judgment made today might be different from the one made tomorrow. I suspect that judgments would have been different if a really big bank had been in trouble, rather than a small secondary bank of the kind that went under in the 1970s, to which the right hon. Member for Oldham, West and Royton referred.

Furthermore, the Bank of England has a balance sheet of about £40 billion or £50 billion, and there is no way that it could have made the loan without the Treasury guaranteeing it. Therefore, it ultimately came back to the Chancellor to make the call. I think that he made the right one, although whether he made it at the right moment is a slightly different matter. It is difficult to know whether the Financial Services Authority could have changed the situation by acting earlier. A faulty business model had gone badly wrong, and if that could have been caught in time—I shall come back to what regulators should try to do in the future—it might have made a difference. I do not expect, however, that acting two or three weeks or even months earlier would have helped. The Bank of England Governor, to be fair to him, was making speeches about the dangers in the short-term credit markets some time before this problem occurred.

As for the Treasury, the Chancellor has been criticised for waiting from 14 to 17 September, over a weekend, to offer his guarantee. I saw this problem at close hand during the BCCI crisis, and I remember one meeting involving the Bank of England, Treasury officials and the Chancellor at which we decided that we would, if we had to, guarantee the liabilities of the major banks—there was a cut-off point in relation to the smaller ones. At the end of that meeting, somebody said, "I think that we have just agreed to underwrite all the liabilities of the British banking system." That is a huge decision. The consequences of it going wrong and the banking system unravelling are horrendous. One ends up not only with a horrible recession and probably a depression, but with a hole in the public finances that it will take a long time to repair.

I therefore have some sympathy for the Chancellor. If he had moved too quickly he would have been criticised, and if he had moved too late he would have been criticised. It was a weekend, and ultimately everything was all right—the banking system seems reasonably intact. It was a tough call, and we are arguing about whether he should have made it on the Saturday or Sunday rather than the Monday. Anyone who thinks that that is an easy decision has never had to face it. When they do have to face it, they will realise that it is an extremely difficult one.

One thing that was different previously was that the Bank of England was responsible for bank regulation. Therefore, when the Bank of England Governor and his people sat in a room with the Chancellor and his people, the Bank of England Governor knew everything that there was to know about the banks. The Bank knew exactly when big deposits were maturing and when banks were likely to face liquidity difficulties.

One of the mistakes that the Prime Minister made in giving the Bank of England independence was in taking away bank regulation and giving it to the FSA. He did it because he thought that the Bank of England would be far too powerful if it had interest rate-setting power as well as responsibility for regulating the bank system. When a lender of last resort must make a judgment about the markets, when to inject liquidity and when to call on the Chancellor to guarantee loans, it is enormously helpful if it has a much deeper understanding of the banking system than it now has without its regulatory responsibilities. One policy change that I will suggest at the end of my remarks is that those two functions should be brought back together.

We were faced with a tough situation. In retrospect, as with all these things, perhaps it could have been slightly better handled. I have a lot of sympathy, however, for the Chancellor and the Governor of the Bank of England, given the problems that they faced.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): As I understand it, the hon. Gentleman's proposal is to re-merge the Bank and the FSA, if that is the entirety of it. There were two reasons for not leaving the Bank with its regulatory role when it was granted independence. One reason was that we wanted to make the Monetary Policy Committee a national focus of great importance, as it has become, and that element of the Bank's work was sure to be done much better if it did not have a much wider responsibility including raising funds in the gilt market. The other reason was that the Bank had not been terribly successful in its regulatory role. We felt that an organisation that brought all that together and focused on it would give us a better chance of being certain and comprehensive in the regulatory function.

[Mr. Geoffrey Robinson]

Re-merging the two organisations would be a huge step, and I look forward to hearing what the hon. Gentleman has to say.

Mr. Maples: I do not know whether the hon. Gentleman was referring to BCCI when he said that he did not think that the Bank had been performing its regulatory function very well, but that was also a tough call. The call then was not "When do you rescue a bank?" but "When do you close it?" The criticism was that the bank should have had its licence suspended a few months earlier. I was there at the time, and saw the papers. The hon. Gentleman knows what happens in such cases: the Chancellor makes the decisions, but we can go to the meetings and see the papers.

That was a tough one. Whenever the bank was closed, some people were going to get badly hurt, although I am happy to know that in the event most of the creditors have had most of their money repaid.

Mr. Robinson: What about Barings?

Mr. Maples: I do not think that the issues are the same when it comes to smaller banks without retail depositors. I think that the Government could let a small bank go. I do not think it would be appropriate to say where the line was drawn when we considered which banks to save, but certainly the smaller merchant banks would not have been included. They were professional investors who were taking their own risks and were perfectly capable of making the decisions for themselves. It is in relation to retail depositors that the issue arises.

Yes, I am going to suggest that the bank regulatory functions of the Bank of England should be restored to it. It is responsible for the

"stability of the monetary system".

It is also the lender of last resort—although we know that the Government are actually the lender of last resort, because the Bank is not big enough to perform that role by itself. Furthermore, it has a thorough understanding of markets. It operates in the gilt and foreign exchange markets every day, both on its own account and on the Government's.

The problem with the current system is that there are three parties to it. When one person makes the decisions, there is a problem; when two people make them, there is three times the problem; when three people make them, there is about 10 times the problem, and so on. It is a geometric progression. I believe that it would be better if we could return the system to the two essential players, and I believe that the Bank's knowledge of the banking system through regulating it would enable it to advise the Treasury much more closely and in a much more timely fashion on what sort of market operations should be conducted in the circumstances.

Ms Sally Keeble (Northampton, North) (Lab): This is obviously an important issue, which we also have to examine in the Select Committee. Does the hon. Gentleman not think that if the Bank is the lender of last resort and is also responsible for regulating the same institutions, the decision making will be too close and there will be a conflict of interests between regulator and lender?

Mr. Maples: I do not think there is a conflict of interests, because our interest is in doing what is best in terms of public policy. It may be difficult to draw the line between which institutions to save and which not to save, but I do not think that that is made any more difficult when the regulator is also the lender of last resort. We had that system for a very long time, until 10 years ago.

As I have said, I understand why the Chancellor did what he did. I am not criticising him for it. I am merely saying that in the light of what has happened we should consider the issue again, and that there is much to be said for bringing the two organisations back together and returning the Bank's regulatory powers.

What the Chancellor found, what the country found and what we found 15 or 16 years ago was that pretty soon we were guaranteeing a large chunk of the liabilities of the banking system. The guarantee given to Northern Rock has led to potential deposit liabilities of about £40 billion, and so far the loan on the guarantee has amounted to about £35 billion, but when it comes to big clearing banks we find pretty soon that we are guaranteeing much larger sums than that. As an overt and unabashed free marketer I hate to find myself saying this, but if we, the public—for that is what it amounts to—are to give such a guarantee through the Treasury, we must have a little more control over what it is doing.

People who are reasonably sophisticated financially will know that if they can obtain 5 per cent. from one bank and 6 per cent. from another, they should ask what enables a bank to pay 6 per cent. when most can pay only 5 per cent. What Northern Rock had was a lot of depositors. I was shocked to discover how many of my friends had money in Northern Rock. They had gone there for the extra interest, without asking themselves whether there was an extra risk attached to it.

When we talk of risk, we should bear it in mind that the public risk is enormous. If we are to guarantee all a bank's liabilities—at least to retail depositors—the regulator should look much more closely at what the bank is doing, and second-guess its risk assessment. I believe that a good many banks did not assess the risk correctly. Northern Rock certainly did not price its risk, and I do not think that its strategy took it into account.

I want to say a bit about moral hazard. We come back to the question: at what point do we bail people out? It is a fancy phrase but what it means is, "If I bail you out, am I simply going to encourage you to make the same mistake again?" As far as I am concerned, the shareholders in Northern Rock have lost it. If they lose all their money, that is tough but that is the name of the game. They made an investment. I do not have any time for the executives. I agree with the right hon. Member for Oldham, West and Royton on that. I am sure that in short order they will be gone because the institution will be either bought or liquidated.

We come to the depositors. They fall into two groups: what I call the professionals and the retail depositors. I see no reason to protect the professionals.

That is why I asked the Chancellor the question that I asked. In a press notice, the Treasury said:

"In the case of wholesale market funding...the Treasury confirmed that the arrangements"—

that is the guarantee—

"would cover: existing and renewed wholesale deposits; and existing and renewed wholesale borrowing which is not collateralised."

That is the £11 billion of medium-term notes, which have maturities of between one and six years; the average, I think, is 3.4 years. I do not understand why the Treasury guaranteed those. I do not believe that it is necessary. What was necessary to stop the run was guaranteeing the retail depositors. The professionals can be left to look after themselves.

On the deposit protectiorl scheme, it is a mistake to go for 100 per cent. of £35,000. The previous system may have been too small but I think it guaranteed 100 per cent. of the first £2,000 and 90 per cent.—I am looking at the hon. Member for Coventry, North-West (Mr. Robinson)—of the next £33,000. That seemed to be about right. There was a modest loss for the risk that was taken. One did not lose all one's deposit. However, if we are going to guarantee 100 per cent. of people's deposits, which is where we have been led to in this crisis, we are creating a moral hazard where depositors will feel free to go for the largest interest rate, regardless of the risk, because they know that the Government will bail them out.

The deposit protection scheme should not go to 100 per cent. Perhaps it should go close to it. It should not go much higher than about £50,000. Sooner or later, a Government are going to have to let a small bank go bust, and take some retail depositors with it, and allow them to rely on the deposit protection scheme. When it happens, that will be a rather nasty, but healthy dose of reality.

Mr. Mark Todd (South Derbyshire) (Lab): The hon. Gentleman anticipates some of the things that, if I catch your eye, Mr. Deputy Speaker, I will refer to. One other thing has to be done: greater information has to be provided for depositors so that they are aware of what that guarantee is and so that they spread their risks. I was struck by how many people put £100,000 or £200,000 into an institution without understanding at all that there was a risk.

Mr. Maples: The hon. Gentleman makes a good point. I was staggered. Some of the people who were interviewed in that queue had deposited large six figure sums, which they said represented their life savings, in one building society. I agree with him. Perhaps a bit of education needs to be given as to the exact nature of the deposit protection, but of course they now have a Government guarantee, which is better than the deposit protection scheme. The hon. Gentleman is right that people are not aware of the risks that they are taking. Perhaps they should be made more aware.

Those were my policy suggestions. I want to come to where we are with Northern Rock. I do not want to take up too much time. I am staggered that it is still in business. It has made a catastrophic mistake. One could argue that there were unforeseen circumstances. People get things wrong in business. It is not a criminal offence to make a mistake or for companies to go bust; they do. I find it extraordinary that the Government have allowed Northern Rock to continue in business and are still trying to conduct a sale when it seems clear that no one is interested in buying it without a huge loan from the Bank of England.

That runs into enormous problems. The first is the state aid legislation, which is going to create a difficulty. Secondly, why should the Government and we taxpayers help to finance to an enormous extent —£30 billion or something—a takeover? We should not. If that is the only way that that organisation can be sold as a going concern, it should be put into receivership. That is what should happen. If, when the bids are due in, there are no satisfactory ones without the Government's guarantee, I hope that the Government will put it into receivership.

The shareholders will almost certainly take a complete loss at that point, but it will be the consequence of a badly flawed business model and business strategy. At that point, the right hon. Member for Oldham, West and Royton will be pleased to know, the executives will almost certainly go, too. I doubt that the receiver would need them. At least then a couple of things would happen. The organisation would stop taking new business and new deposits; it would stop increasing the problem, which we might have to sort out at some point. Secondly, the receiver could run down the portfolio. The worst case is that it could simply sit back and collect the money on the mortgages, and sooner or later it would pay off the loan. I also suspect that it could collateralise the mortgages; it could sell or refinance the portfolio and pay off the loan much quicker.

It is extraordinary that we are allowing the bank to continue in business. I hope that that does not last much longer. If by the end of the week we do not have a solution—in terms of a buyer—without the Government continuing their loan, it should be put into receivership and we should seek to get the public money back as soon as possible. This was a temporary measure to give depositors confidence in the banking system. It was never intended to be a medium or long-term loan to keep this particular institution going. There is a danger that sight of the measure's purpose will be lost. We should let Northern Rock go into receivership and seek to recover the public money as soon as possible. It is important to remember the scale of the sums involved. People bandy around figures such as £25 billion or £30 billion; those are enormous sums of public and taxpayers' money. We simply cannot afford to take the loss. We must seek to recover that money as soon as possible.

What lessons can be learned from this situation? The Governor and Chancellor had to make difficult judgment calls, but there are a couple of policy prescriptions: we must take regulation back to the Bank of England, and when we give guarantees we must give the minimum guarantee that is necessary—we should protect the retail depositors but not the professionals, and if we revamp the deposit protection scheme we should leave some risk for the depositor so that we do not risk creating moral hazard in the market, as that would come back to haunt us in a bigger way in the future.

3.51 pm

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): I am pleased to follow the hon. Member for Stratford-on-Avon (Mr. Maples), who spoke in measured tones about a serious topic, and raised serious issues. I am not as definite in my opinions on them as he is, although I noticed that there was a tentativeness even in his pronouncements. I must say, however, that I think that to move the Financial Services Authority in its entirety back to the Bank, having done what we have previously done, is an unnecessary structural change. There must be liaison, whether within the Bank or between the Bank and another agency. Liaison must take place—there must be co-ordination of policy and the sharing of information. It could be argued that that would be easier to do within one organisation than between two, but I do not know. Whether that is the case is down to the attitude and understanding of the people running the organisations; it is up to them to make things work properly. I do not, therefore, think that such a structural change is worth while. We should consider the Bank's record when it did have responsibility for such matters; we could put the Bank of Credit and Commerce International case to one side, but there were other such situations. I do not know what the hon. Gentleman's contacts were like at the time, but I know that there were great misgivings at the Bank when we split off responsibilities and formed the FSA, combining several agencies to do so. However, whichever course of action we had taken, it would probably not have made much difference in the current case; I think that is the hon. Gentleman's judgment, too.

Although I would not go down the structural change route, I largely agree with the hon. Gentleman on the moral hazard route. As for the denouement that we can expect to this great crisis, I agree about the sum the Government have already been called on to put in—£23 billion. The extent of the Government's commitment beggars belief. There is also the guarantee on top of that, and I gather there might be the prospect of further injections of cash in due course if some of the large-scale loans on maturities are not rolled over but are withdrawn. The sum could go much higher than £23 billion. A resolution in some form or other is, therefore, urgent; this situation cannot be allowed to continue to drift.

There are really only three solutions. One of them is receivership, which I would not rush into. Another is that Northern Rock continues as a going concern, which I am told the loan book is good enough to sustain. If that can be achieved without an undue Government commitment—and certainly without an indefinite commitment in terms of time or sums—it would be my preferred route, as receivership is always a hazardous and uncertain business and is outside anyone's effective control. The third option is that we might be driven into what, in effect, we have now: public ownership. I agree with what the hon. Gentleman says about the shareholders having lost—"Tough, but you've lost", or words to that effect—but that did not work too easily in respect of Railtrack. We were right to take it back into public ownership—it was right for the maintenance of the rail track and the entire integral system—but it did not work out as smoothly as it was thought it would.

Mr. Maples: The Government did not sell the shares in Northern Rock to its shareholders, but they did sell those in Railtrack, and that is the difference.

Mr. Robinson: I do not think that there is any difference, because the shares were bought by punters in both cases. Normally, people did well out of privatisations, as the hon. Gentleman knows. We recouped some of that with the windfall tax, based on the underestimation of the sale at the time of flotation. I do not think that there was any difference, because punters who were good for their money bought equity, which is the last in the line of security, and so they should have done—I agree with him on that point. I am anxious, as he is, to see a positive resolution to this situation, but unlike him, I would prefer a sale of an ongoing business if that can be achieved.

Interesting though that point is, I wanted to contribute to this year's Queen's Speech debate on two other areas. They figured yesterday, have recurred throughout the debates and relate to education and skills. I took the point made a moment ago by my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher) that this Queen's Speech is much bolder and more significant in certain respects than it is generally given credit for. The measures and intentions on housing are a marked step for change and are probably the most important since the great house building boom of the '50s ground to a halt. Similarly, the effects on working may not be uppermost in all our thoughts, but together with the things that we have done on maternity leave and on other matters, they are fundamentally changing the life-work relationship and balance in the country, and how young married couples and others are able to organise their lives. My right hon. Friend referred to those two important issues.

It is easy to dismiss two other measures because they will be difficult to achieve successfully. Those relate to our ambition for 18-year-olds. On the one hand, we want youngsters to be in school or in training, while on the other, a legal entitlement has been promised for apprenticeships. I should like to focus our thoughts on apprenticeships for a few minutes, if I may.

In the annual debate about the GCSE and A-level results, when there is great national excitement and headlines in virtually every tabloid and broadsheet, the sad thing is whether we are devaluing A-level A grades, whether GCSE A grades have any meaning and whether we should not go up further to maintain the excellence of our system. Important though that is in some ways, and important as not losing our sense of direction towards excellence in the education system is, it is wrongly focused, in the sense that that is not the real problem faced in our educational system.

The real problem is the more than 40 per cent. of people in our schools who do not aspire to university education and who do not have any clear pathway to a career. That is not improving and has not done so; it has been a characteristic of our system. I have only examined the issue since the second world war, when the Education Act 1944 was introduced and the technical schools, secondary moderns and grammar schools were set up. We tried to deal with the problem then. We tried to get the technical schools to take on the vocational courses and give them a profile and importance that reflected the proportion of our youngsters going through school

who would not be attracted to a secondary education that went up to GCSEs, A-levels and university. We simply have not succeeded in this area, and if anything, things may have got worse.

A year or so ago, an extensive labour force survey interviewed 17-year-olds. Some 20 per cent. said that they felt that they had no qualification whatsoever, and that is a telling statistic. We must do something about this. We must focus our minds on it, in the way that we have done on academy schools, to get the standards up. We are worried about the gold standard of the A-level, but let us consider the 40 per cent. of our children who I mentioned, 20 per cent. of whom, when surveyed, said that they had no qualification at all. This is happening in a world where it has become trite to say that we must face the challenge of China and the rest of Asia, and the need for skills. That is the reality that we start with. I ask myself where we have gone wrong and whether there is a deep cultural problem that never gives technical, vocational skills, even at the highest level, the sort of importance and priority that should be attached to them.

One of the changes that we made, quite unnecessarily, that has contributed to this situation was the disbandment of the careers advisory service in schools. It was changed to Connexions to direct it towards the severely handicapped. One would not want to stop its work in that area, but the careers service was passed to local government two or three years ago, and we have not yet had a report on how it is going. We need a careers service at the earliest possible point—perhaps not by grade two, but certainly by grade four—to inform the youngsters of decent vocational alternatives to A-levels that are just as good, just as important and might even result in better paid jobs in some instances. If that does not happen early in schools, the limbo between those who have a clear path to academic qualifications and the rest will remain in place. The return of the careers service would be a starting point, and that is one of the general points that I think should be included in the education and skills Bill.

However, I am not sure that two of the other general ideas that have been mentioned will be helpful in promoting vocational training and education, and providing an alternative path of equal standing to the academic education path. The two measures are the diploma and the split of responsibility, with skills being put in with higher education and schools remaining with the Department for Children, Schools and Families.

On the diploma, we run the risk of reinforcing the divide. I am not sure who will eventually be responsible for the diploma curriculum, but as I understand it, it will not contain any vocational element. In fact, it will be seen as an alternative route for those who cannot get straight on to the GCSE-A level-university path. The academic will again take precedence over the vocational and it will do nothing to help. I even fear—although I am sure that it is not the intention—that it will be counter-productive.

The split in responsibility will also not be helpful, although it is a similar sort of structural change that I was arguing should not be reversed in another context a few moments ago. I cannot see how we can have the train for gain initiative—which has been successful in bringing youngsters who are in work into apprenticeships—split off from the basic apprenticeships and the arrangements for schools, to which I hope more attention and priority will be accorded. I do not know how those two areas of responsibility will overlap or how they can be co-ordinated, but the split is not particularly helpful.

However, the Secretary of State for Children, Schools and Families has set a bold and achievable objective for a legal entitlement to an apprenticeship for youngsters. He has not said at what stage they will have that entitlement, but I would imagine that it will be at key stage 4, between 16 and 18, if not actually at 16. The great danger is that, while the aim and the vision are terrific—and the Queen's Speech has more of both than it has been given credit for so far—making the vision a reality means making specific, practical and hard changes in the provision of vocational training from the moment children enter secondary school, up to, and especially in, key stage 4. One of the major problems with the present arrangements is that many children want apprenticeships, but cannot get them because the places in industry are not available. That has been a problem for a long time in this country—the argument has sometimes also been that the children are not fit for apprenticeships, and we need to tackle that—but it is beginning to show up in economies that have had more success with apprenticeships, such as Germany and Austria.

Ms Keeble: Is my hon. Friend aware of the YWCA's "More Than One Rung" campaign? It tries to encourage young women and girls to go for better quality apprenticeships and to aspire to some of the non-traditional skills that have higher rates of pay and better long-term earning prospects.

Mr. Robinson: I am aware of that campaign, and it is one of the plethora of good programmes that we have. We have given them every encouragement and I should like to see them receive better funding, but it is more a question of national priority and focus.

There is a deep-seated problem in the culture of the education Department. It has been relatively successful in expanding further education, GCSEs and A-levels and, for all the faults and justifiable criticisms, that has been a success, broadly speaking. Where we have not succeeded is with the 40 per cent. of students for whom vocational training would be most appropriate. Vocational training does not fit the bill for everyone, but I am speaking in general terms and, so long as we leave that culture in the Department, we will not get the step change that we need. We think that it will take five years before we are able to give people legal entitlement to an apprenticeship: unless we start to prepare now, we will not make that a reality, and I want to make a simple proposal about how we might go about that.

Mr. Binley: I find the hon. Gentleman's speech immensely credible and welcome. His comments about the deep-seated culture of our educational establishment are absolutely right, and they disturb me enormously. I remind him of the tripartite system of secondary moderns, secondary technicals and secondary grammars. We allowed secondary technicals to wither on the vine, then we forgot the secondary in grammar and the modern in secondary modern. We created an elitist system based on academic

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thinking whose continued existence leaves me immensely concerned, and the hon. Gentleman raises a vital point that we have to deal with.

Mr. Robinson: I am pleased that we can discuss such things in a cross-party manner, because they are national and cultural problems.

Let me digress for a second. I came up by the grammar school route: I was brought up in Balham, south London, and I knew that I would not go to the secondary modern, nor to technical school—that was even worse than the secondary modern. I had to get to grammar school, and a profession was the thing. Vocational education was out, and has largely remained so. It is an intractable cultural problem, reflected throughout industry, that 20 per cent. of young people leave education with no qualifications at all and that more than 40 per cent. do not go to university.

So what can we do about it? I shall speak specifically about apprenticeships, which could, in my book, address a fair chunk of the 40 per cent. who do not go to university. I am not saying that they would suit all the children coming through but, as has happened in Germany, they could increasingly help us to deal with the problem that I have identified.

Mr. Stewart Jackson: I am listening to the hon. Gentleman's remarks with great interest, but feel that he has missed something out. As he will know from his interest in industry and commerce, we will not drive technical and vocational education forward among the 40 per cent. of young people whom he mentioned if local autonomy and power are not given to the sector skills councils.

Mr. Robinson: The hon. Gentleman refers to the SSCs, but I get all the acronyms mixed up. We have had many different attempts to solve the skills problem through outside agencies, but they are not working. He will have had read the report on skills by Reith—

Mr. Jackson: Leitch.

Mr. Robinson: I am sorry, I mean the report by Sandy Leitch. The hon. Gentleman will know that Leitch's criticisms of the learning and skills councils were very severe. Over the next five years, an independent body—a directorate or whatever people want to call it—should be set up and charged with preparing schools and the links between schools and industry.

A cultural change is needed in industry and in schools to prepare us for a significant increase in the number of apprenticeships. We need capacity in schools, in higher and further education and among part-time providers, as well as a willingness in industry to provide places for youngsters.

I do not want to set up a quango; the whole House is aware of my views on quangos. There will be no jobs for the boys—nothing of that kind. It would be a prescribed, five-year task to get the country's education system ready to make a reality of the legal entitlement to an apprenticeship we shall be offering youngsters. It is a tremendous and bold offer, but it will be lost in a quagmire of councils, initiatives, consultative bodies and all the rest unless we set up a single group, headed by a director.

The body should be independent of Government, reporting, if necessary, to both the Secretaries of State involved. It would obviously be created by Parliament, no doubt by statute, for a fixed five-year period to prepare the ground for the introduction of the legal entitlement. It would need only a small central staff, with devolution right down to schools and industry, especially small companies. It should have its own tight budget, but no extra money; the budget could be taken from all the other sectors where we spend so much—I forget how many billions a year we spend on skills. The body would report annually to Parliament so that we could monitor its progress.

If we leave the massive changes we want in the hands of Departments, we shall end up with the situation that resulted when we introduced the new deal. The mindset and culture are such that only by extracting responsibility for the changes and making it the direct charge of an independent body shall we achieve them.

Mr. Mark Hendrick (Preston) (Lab/Co-op): I was lucky enough to attend a state grammar school and then followed a technician apprenticeship before going on to university. When I was going through that process, there were many training boards—I held an engineering industry training board apprenticeship—but many of them were scrapped by the previous Tory Government. What does my hon. Friend think about bringing back the training boards and giving them the funds to which he refers?

Mr. Robinson: I agree. Scrapping training boards and thinking that training would automatically happen when the onus was on the employer was a great mistake. I agree entirely that it contributed to the problems we face now, especially in the interface between industry and schools. I do not want to write a blueprint for the proposed directorate, but it could look into the situation and reinstate training boards if appropriate. It would make decisions about organisational and personnel arrangements down the line.

The body would need a director with fire in their belly, someone who could drive the decisions through and, where necessary, fight turf wars to get the job done. I am sure that there would be several candidates to lead the group of people who would take on that job if charged by Parliament.

Many references have been made during the debate to the great Liberal Administration of 1908, Lloyd George's coalition Government and the legislation after the second world war. The one thing that Lloyd George taught Churchill—the thing that made a difference when Lloyd George took over the direction of the war in 1916—was that he found the right person to deliver on munitions and on shipbuilding. He put his faith in those individuals; in fact, one of the reasons he did not get back in was because he had such a personal and personalised way of getting things done. He taught Churchill that lesson and we could learn it today; if there is a definable job that needs doing and if it has as much national importance as the delivery of that legal

entitlement, the most effective way forward is to charge a person and a group of people with undertaking it.

I do not have a blueprint and I do not know whether the idea will find any support in Departments, but when we discuss the legislation I hope there may be some support for my proposal.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. So far Back-Bench speeches have averaged more than 20 minutes. If we continue on that basis, half the Members who seek to catch my eye will be disappointed, so it follows that if the rate of speaking is halved everyone may be satisfied.

4.14 pm

Mr. Nigel Waterson (Eastbourne) (Con): I shall try to live up to your expectations, Mr. Deputy Speaker. It is a great pleasure to have the opportunity to speak in the debate on the Queen's Speech. As always, it is a pleasure to follow the hon. Member for Coventry, North-West (Mr. Robinson). It seems that we grammar school boys have cornered the market in this debate, at least for the moment. He spoke with great knowledge and experience of the skills agenda, which is, as he rightly says, so important for the whole country's future.

As I intend to speak on pensions, I am sure that the hon. Gentleman will not mind me reminding the House of his niche in recent British political history, for in the safe in his flat at the Grosvenor House hotel was locked the Government's plan in opposition, before the 1997 election, to carry out the raid on pension funds, which has stripped some £100 billion or more from British pension funds. So his place in history is secure, and I think that his memoirs tell us that that was what happened.

I want to talk, as briefly as I am able to, about the pensions Bill that we are promised in the legislative programme for this Session. The main thrust of that Bill is the introduction of so-called personal accounts, following the Turner agenda of trying to reach the 7 million-plus people in this country who are not making any provision of their own for their retirement. However, the Christmas-tree effect is beginning to rear its head, whereby Ministers and civil servants of any Government are always tempted to hang other things on a Bill, knowing that they have a hard-won slot in the legislative programme. Clearly, another part of that Bill is growing by the day: the deregulation aspects on pensions, to use an umbrella term.

Perhaps I can just touch on an issue that has attracted some excitement and comment in the media recently: the nature of the political consensus on pensions. I am personally always a bit wary about consensus if it is too cosy and too shallow, because that ends up delivering policies and legislation that do not stand the test of time and might not deliver what they are designed to do. Just to be quite clear, the official Opposition's attitude has always been the same—it has not altered one iota—and it is that consensus is not a blank cheque. We are in this for the right reasons. Clearly, any decision that is made or ducked now will have an effect 40 years or more down the road. That is the nature of pensions policy. We are also in it for more selfish reasons; it might well fall to us to implement some of the changes when in government.

We agree on the basic direction of travel set out in the Turner report, which suggested trying to encourage people who are not saving for their retirement to start to do so, but we have rightly voiced concerns, not only our own, but those that have been expressed to us by the industry and expert independent commentators—for example, the highly regarded Pensions Policy Institute.

As we limber up for the latest pensions Bill—the great thing about my job is that there is always another pensions Bill just around the corner—there is a danger with pensions legislation that we are fighting the last war, not the next war. I remember serving as a very young, fresh-faced Back Bencher on the Committee that considered the Pensions Act 1995, which was all about Maxwell, of course, but also about dealing with the enormous surpluses that had been building up in pension funds. Of course, we have not had to grapple with that problem too much in the past few years; but again, it might begin to appear in the not-too-distant future.

I mention our concerns about personal accounts, and a lot of them are interconnected and relate to means-testing. At the moment, nearly half of pensioners retiring are subject to means-tested benefits, and if we carry on as we are—even the Government recognise that we cannot do so—by the middle of the century, 75 per cent. or more would be on means-tested benefits. That causes the deep problem of whether it is worth people's while to save for their retirement and whether they will be any better off, because of the widespread means-testing in the benefits system. That issue relates to advice. We back, and always have done—even before the Government did—the notion of auto-enrolment, which means that people in workplaces should automatically be enrolled into personal accounts. That has enormous advantages—not least in keeping down the costs of the scheme, an important issue.

However, auto-enrolment also brings problems, because it will not benefit a significant minority of people who would be much better off opting out of personal accounts. Again, the Pensions Policy Institute has done excellent work on the at-risk groups in that regard. Much more thinking needs to be done on the advice that such people receive; Otto Thoresen is continuing his review into the nature of generic advice, that great oxymoron. Those people need advice about the extent to which they may be no better off because of means-testing and thought needs to be given to what can be done to reduce levels of means-testing in the system in that respect. There is a toxic mix of the most complicated pensions and benefits systems in the world.

Another big issue for us, on which I shall touch again in a moment, is that of levelling down—the erosion of more generous existing pension provision by the introduction of personal accounts. However, I come back to the issue of less well-paid people, who may have interrupted work patterns and may be at risk by being auto-enrolled into personal accounts. Various policy options are being considered by bodies such as the PPI. There is the method of giving such people advice so that they have the information at their

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fingertips to make the right decision on whether to opt in or out. Suggestions have been floated that whole groups—perhaps low earners or older people—should not be auto-enrolled, but swept up in an automatic non-enrolment because they would probably not get high returns, if any, from the system. There has been much debate about increasing levels for trivial commutation and the capital disregard, but the cost of that is not insignificant: £500 million, rising perhaps to £2 billion a year.

In the past couple of days, another proposal has been floated, again by the PPI, which is doing excellent work for B&CE, which runs an excellent niche pensions scheme within the building industry. The proposal is to have a pension income disregard. Today may not be the day, but if Ministers have had the chance to consider that proposal, it would be useful if they gave some idea of their likely reaction to it. The basic proposal is that the first £12 a week of private pension income should be disregarded in any calculation of means-tested benefit. John Jory, the deputy chief executive of B&CE, is spot-on when he says:

"Someone who saves for their retirement must be demonstrably better off than someone who doesn't."

The Government's current proposals create a real danger for many people in that respect. We are talking about people with low earnings, those with broken working histories, older people with low earnings and no prior savings, the self-employed and, perhaps above all, those who are likely to be renting accommodation in retirement because of the effects of housing benefit. I have not had the chance to read the whole paper, but it seems that the cost is likely to be somewhere around £600 million on top of the existing means-tested benefits budget. The proposal would certainly reward deeper study, not only by Opposition parties but by Ministers.

I said that I would touch briefly on deregulation—a wide term to cover a series of legislative options. Personal accounts, of course, will be the new kid on the block. However, without deterring those who should be auto-enrolled, we have to get it across to people that the level of contributions inherent in personal accounts will not deliver a particularly comfortable retirement. That is where the danger of levelling down arises: employers may well think twice about doubling or nearly doubling overnight their participation rates in an existing scheme. It may make economic sense to shut the scheme—if it is not closed already, of course—and point employees in the direction of the Government-approved personal accounts scheme.

However, we must never forget that in this country the gold standard in terms of delivering secure retirement incomes is still defined benefit schemes. We should be spending a bit more time not only on the question of how we deliver personal accounts and all the techie stuff about how they will work, but of what we can do, as a matter of public policy, to encourage sponsoring employers with existing DB schemes to keep them open, not only for existing members but even for new members. We are almost in the last chance saloon as regards DB schemes. Enormous numbers have closed in recent years—certainly since 1997. A mass of existing schemes that are still open could well move to closure unless something is done to stop the trend. In due course, the only place where we might find DB schemes is in a museum.

A lot of work has been done by the Association of Consulting Actuaries and the Association of Pension Lawyers on risk sharing—that is, trying to change the balance between who bears the risk. All too often, employees have been moved towards defined contribution schemes where all the risk, in effect, falls on them. The Government seem to have a slight blind spot over risk sharing, which we should be considering much more seriously. Changes in the law may be required—a bit of regulation may even be needed to make it work. Also important is the work done by Fidelity in its design for what it calls DB Lite.

On the question of removing mandatory indexation for future accruals, our position is broadly to support the Government against an unholy alliance of the Trades Union Congress and some of the tabloid newspapers. We are at a desperate point in the history of pensions where we need to take radical action—more radical than some of the suggestions by Chris Lewin and Ed Sweeney in the deregulatory review of private pensions and more radical than the Government seem intent on being in the light of those recommendations.

Another important issue is that of normal pension age. There is no earthly use in encouraging people to work for longer because they will remain fitter for longer, or increasing the state pension age, given that some pension schemes have mechanisms that stop people working longer and not taking their pensions.

There is important work to be done on principles-based legislation, which we broadly support. People in the pensions industry are generally pretty grown-up and responsible, and ideally placed for that approach to legislation.

It is no surprise that the issue of surpluses is beginning to rear up again, and that must be addressed. I am told that the Government's proposals for the Bill will include simplification of the rules on pension sharing and divorce.

I know that Ministers have a lot on their plate at the moment, but I urge them not to be too obsessed with the mechanics or architecture of introducing personal accounts, important though it is to get that right. We will do what we can, in a constructive and consensual way, to ensure that we end up with the right design, but there are other issues involved. There is a great risk that the introduction of personal accounts could undermine existing provision. In parallel with that, a responsible Government and Opposition must do what they can to encourage DB schemes to continue, with the genuine involvement of a lot of workers and future workers, and there is radical work to be done on how we achieve that. The Bill is an opportunity not only to bring in the personal accounts system but to take some radical, bold steps to try to ensure that the DB schemes that are still open to members can remain so for many years to come.

4.29 pm

Barbara Keeley (Worsley) (Lab): I wish to support the Loyal Address and speak against the amendment because I believe that we have a programme that can enable great advances to be made in skills development.

The Chancellor of the Exchequer referred earlier to the need for greater skills development for the economy, and he said that while we now have 9 million highly skilled jobs, we will have 14 million by 2020. He also said that while we now have 3 million to 4 million unskilled jobs in the economy, that figure will shrink to only 600,000 such jobs. Clearly, those figures have important implications for policy on employment and skills development.

The Government have made a great deal of progress in the past 10 years in raising achievement and skills development by developing learning opportunities and creating many more apprenticeships. Indeed, while there were only 75,000 apprenticeships in 1997, there are more than 250,000 today. Completion rates of apprenticeships have increased to 63 per cent. from 24 per cent. five years ago. Success rates in further education colleges have increased to 77 per cent. from 59 per cent. five years ago. As the Leitch review told us, apprenticeships are crucial if the UK is to become a world leader in skills.

On that basis, it is right that the Government have adopted targets to increase the number of apprenticeships to 500,000, and to increase the completion rate for apprenticeships to 75 per cent. The principle of making work work is the right one, but it must work for young women as well as it does for young men. We need to take action to break down segregation based on gender, which seems to be rife in apprenticeships. Such segregation leads to a gender pay gap that begins at the age of 16 for young women.

I am indebted to the YWCA and its campaign "More Than One Rung" for drawing my attention to the research and findings in the area of skills, apprenticeships, and low pay for young women. I would also like to pay tribute to my hon. Friend the Member for Northampton, North (Ms Keeble), who has supported the YWCA campaign and highlighted it for many months now.

Years ago, apprenticeships were mainly in traditionally male-dominated trades such as building, plumbing and engineering. However, today, apprenticeships span 90 sectors of the economy, including hospitality, customer services, retail, hairdressing and health and social care, as well as the traditional areas of engineering, construction and the automotive industry. They are central to our vocational education and training system, which is why I believe we should not tolerate it if occupational segregation means that apprenticeships create and sustain patterns of pay and opportunity that discriminate against young women.

While the number of young men and women on apprenticeships is more or less equal, the distribution across the sectors is not. Young men are much more likely to be doing advanced apprenticeships that result in them gaining higher level qualifications. Females comprise 92 per cent. and 97 per cent. of apprenticeships respectively in sectors such as hairdressing and early years care and education, while engineering, construction and automotive apprenticeships are only 3 per cent., 1 per cent. and 1 per cent. female respectively. Perhaps the best example is the electro-technical sector; it is the highest paid sector of apprenticeships, but young women make up less than 1 per cent. of its apprentices. Such segregation leads to a situation where the average female apprentice earns 26 per cent. less than a male apprentice, which translates to a £40 a week difference in pay.

The placement of young people in specific sectors is important because 62 per cent. of apprentices continue to work for the same employer after their apprenticeship and a further 19 per cent. stay within the same sector but with a different employer. A survey of apprenticeship pay completed in 2005 showed that the lowest paid trainees were in hairdressing—92 per cent. of these apprentices are female—where the average take home pay was only £90 a week. As I mentioned earlier, the highest paid apprenticeships were in the electro-technical sector where take-home pay was £183 a week. However, even in sectors with a more even split of gender, young women can still be paid 15 per cent. less than young men.

A further problem is that young women apprentices are less likely to be paid for overtime. According to a survey, only 52 per cent. of young women were paid for overtime compared with 83 per cent. of male apprentices. Additionally, the type of apprenticeships that young women take are less likely to lead to a higher level national vocational qualification. As the higher level NVQ is necessary to access higher education and professional programmes, which will be really needed in future, a significant difference in training is received by young men and young women.

Taken together, the differentials in pay and the lower level of training are putting young women in a weaker economic position right at the start of their adult lives. They also have fewer opportunities to progress to jobs and careers with improved pay and prospects.

In the sectors dominated by female apprenticeships, apprentices are more likely not to have employed status but to be on a programme-led apprenticeship. They can receive the education maintenance allowance, and that has clearly made a difference. Their parents can also claim benefits for them. However, in principle, such benefits should be paid to the apprentices, and the YWCA campaign recommends that. If payments are low during an apprenticeship, it is more tempting for the young woman to sign on as unemployed instead. We are all worried about the young people who are not in education, employment or training.

The Government have carried out work on reducing the gender pay gap with a great deal of support from Labour Members. Indeed, in recent weeks, Conservative Members have expressed new concerns about the gender pay gap and it is gratifying to Labour Members that, after many decades, decreasing the gender pay gap has all-party support. However, the size of the gender pay gap for apprentices is so worrying that it clearly needs to be tackled urgently.

Health and social care, and early years education and care are essential work in our communities and important sectors of work for the Government. However, in the context of apprenticeships, they are sectors in which the work is not properly valued. As I said earlier, the Government plan to increase the number of young people who complete an apprenticeship. That will be more difficult for young women on the low-paid apprenticeships that I described.

Surveys by the National Foundation for Education Research showed that dissatisfaction with pay is highest among trainees, with a quarter dropping out of

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training, citing not earning enough money as their main reason for giving up. We must ensure that young women have better information on career choices and pay. The Equal Opportunities Commission found that two thirds of young women were not aware of differences in pay rates. It is unbelievable that people make career and job choices without understanding the pay rates that they could get in other jobs or in their current job, but it happens. Almost seven out of 10 young women would have considered a different job if they knew about different pay rates.

The YWCA would like a duty to be placed on local authorities and other key local players such as Jobcentre Plus, Connexions and learning and skills councils to assess and fulfil the skills training and apprenticeship needs of young women. Apprenticeship employers have a key role to play. The EOC found that only half such employers had links to secondary schools and that far too little work experience was being offered to schools. That must change to give young women access to better paid apprenticeships, which mean better paid jobs when they complete them.

The EOC also found that many young women were prepared to break out of traditional roles. Indeed, eight out of 10 young women said that they would try non-traditional work. In my early career, I worked in the IT industry with IBM, which, at that time, was a non-traditional career for a woman. Initiatives such as running computer clubs for girls in school can help them get interested in different careers. Some learning and skills councils work with employers, asking them to offer interviews to atypical applicants. It is important that careers and Connexions services ensure that their advice material to young people has no gender bias.

Children's trusts have a role to play to ensure that disadvantaged young women in particular get the chance to meet and get support from inspirational women—for example, women who are achieving in their careers, women in business and women in engineering—in their community. That could help increase their confidence and broaden their horizons. Teachers also need help and support so that they can play a role in discussing gender issues that affect work and career choices.

The debate about women and work needs to focus not only on the glass ceilings that prevent high flying women from progressing. It should also focus on people at or near the bottom rung of employment and ensure that young women can climb the ladder to more skilled and better paid work.

The YWCA campaign has been great in showing us that the problems of young women being trapped in low skilled jobs with no training or prospects for progression start with apprenticeships, career choices and the choice of subjects in schools, made when the young women have too little information. It is time to ensure that young women can break out of that and get proper access to skilled and better paid work.

During this debate on the Queen's Speech, the Secretary of State for Children, Schools and Families pledged that the education and skills Bill would deliver world class skills for all. Clearly, our economy needs a more skilled work force and I hope that, in this Session, Ministers and hon. Members can work on that and make the legislative and other changes that will help with the problems that I have outlined.

4.39 pm

Mr. Brian Binley (Northampton, South) (Con): It is a pleasure to follow the hon. Member for Worsley (Barbara Keeley). I found her remarks very meaningful and her speech well constructed and I pay tribute to her for that. I should like to comment on the work done by the YWCA and, if I might be presumptuous, say that it was good of her to congratulate my colleague, the hon. Member for Northampton, North (Ms Keeble), who works hard in support of the cause that the hon. Member for Worsley mentioned and is particularly committed to the YWCA's "More Than One Rung" project.

My role today is to speak on behalf of the millions of people who run small businesses in this country. That is a pretty big job and I will do my best by them. They are vital to the country's future well-being, but they face some sizeable problems. I know from my own experience that they work many hours. Indeed, if they counted the cost of those hours in terms of an hourly rate, they would perhaps decide not to proceed, but they do. They are people who are struggling to maintain a healthy cash flow in the face of a sizeable credit squeeze by the banks. We need to recognise that, too. Those who run small businesses have some uncertainties about their future. Finally, they feel undervalued.

Starting and developing one's own business is a tough place to be. I know that because I have been there on two occasions, both with successful companies, I am delighted to say. It takes a great step of courage to do the job. Most of us start out without really knowing what we are going to face and we deal with problems as they come along. We have often not planned the process anywhere near as well as many people think we have. Starting a business is a difficult challenge and I pay tribute to all those people who embark upon that journey.

I also want to speak on behalf of the many thousands of would-be entrepreneurs who want to start up a business. They are finding it difficult to cut through the confusing messages that they are receiving from the Government. For instance, there are about 3,000 start-up schemes run by the Government to help would-be entrepreneurs. The Government are trying to rationalise that process and I welcome that rationalisation, but it is a confusing world to find one's way through. I hope that the Government can hasten that rationalisation, because some difficult and complicated messages are being sent out. Finally, because of the credit squeeze to which I have referred, would-be entrepreneurs are finding it much harder to get start-up money from banks. That needs to be recognised, too. Some would-be entrepreneurs are bewildered and frustrated—I know that, too, because I meet them every week.

I want the Government to consider the messages that they are sending that sector of our wealth-producing world. I want to challenge them on some of the actions that they have taken in sending out those messages, specifically with regard to tax. I do not need to tell the Minister of the import of small and medium-sized enterprises. She will know that UK plc has been shedding about 1.5 million jobs over a 10-year period,

at the same time as SMEs have been creating 2 million jobs. That underlines their importance. What is less well known is that SMEs are also the dynamo of creativity for British business. Much of our innovation and many of our new practices and ideas are emerging from the sector and feeding through into the well-being of our nation. My final point about SMEs concerns their role in the supply chain for big companies and plcs. Airbus employs 13,000 people directly, but 135,000 people are employed in some 400 companies in its supply chain. We therefore appreciate the import of the sector, but we need to talk that up more.

I do not need to tell the Minister about the massive challenges facing the sector, with the prospect of India and China being responsible for 60 per cent. of world trade by 2050, or about the ever-growing regulatory burdens that it faces. The British Chamber of Commerce's burdens barometer shows an increase of £55.6 billion in the cost of those burdens between 1998 and 2007. That is a lot of extra costs being placed on the SMEs in our small business sector, and we need to recognise that that makes it more difficult to compete in an ever more competitive world.

Mr. Charles Walker (Broxbourne) (Con): Does my hon. Friend agree that, given this country's historical links with India, the emergence of India as a global economy offers our SMEs huge opportunities to increase their presence in the European and global marketplaces?

Mr. Binley: I am delighted that my hon. Friend has made that point. I have the privilege to be a member of what used to be called the Trade and Industry Committee. It is now the Business, Enterprise and Regulatory Reform Committee, affectionately known as DBERR. The Committee has looked into the opportunities in India, and argued strongly for British business to get out there and share them, because India has a very pro-British culture that welcomes British involvement. I know that Lord Bilimoria echoes those thoughts and has also made those points to the Government. I am delighted to support them.

I shall return to the difficulties that SMEs face. I have already mentioned the growing regulatory burdens. They also face a shortage of skills, which has been talked about at length today. I pay tribute to the hon. Member for Coventry, North-West (Mr. Robinson), who made a thoughtful contribution to the debate, and one which was very meaningful in the present situation. We should be immensely concerned about our skills base. The fact that only 14 per cent. of our work force have qualifications at national vocational qualification level 3 or above, while the figure in Germany is 46 per cent., illustrates the difficulties that we face in regard to our skills base. This is a matter of vital importance.

Most of all, the sector is concerned about the burden of increased taxation. The Government talk about being business-friendly, but many of their actions in relation to taxation over the past year have given business a different message. This is an issue with which they need to come to terms. SMEs are genuinely wondering whether a Government who claim to be business-friendly are really recognising their problems and responding to them. I understand some of the Government's arguments about some of the measures that they have taken, but I would still like to point out to them in the firmest of terms that the small business sector is vital to us. They have a real problem with the sector now, and they need to communicate with it and to listen to it in a more meaningful manner.

Julia Goldsworthy: Does the hon. Gentleman agree that it is often the businesses at the small end of the small and medium-sized enterprise sector that are at the sharp end of some of the Government's decisions? Micro-businesses with only a handful of employees feel the impact of red tape the most.

Mr. Binley: I thank the hon. Lady for that contribution; she is absolutely right. It is reckoned that the relative burden of regulation and additional taxation on a micro-business can be 30 times as great as on our large plcs, which have the necessary income to pay for the expertise to deal with the problems created by the increased burdens and increased taxation. Smaller businesses do not have that income. I accept the hon. Lady's point totally, and I am pleased that it has been included in this contribution.

The increase in the rate of corporate tax from 19 to 22 per cent. will be a massive blow to smaller businesses that want to grow. They often grow from retained profit, which is usually their only means of financing growth, especially at a time like this, when banks are being more particular about the money that they lend to the sector. Yet here we are adding a 16 per cent. increase in corporate taxes for those small businesses. I could go on, but I will not, as I want to keep this brief, as you requested, Mr. Deputy Speaker. I recognise that I am beginning to eat into my time, but let me make the point that small businesses tell me—day in, day out—that the burden of corporation tax will be great and cumulative. It is a great problem.

I could provide example after example when it comes to capital gains tax. It will hit small businesses in two ways. The first is that they are being hit hard and their pensions are being decreased by the very actions that we are told the Government will take. Secondly, entrepreneurs build businesses with an exit strategy in mind. They are the good people who create businesses and then hand them on to people who will go on to manage and grow them. Different skills are required, yet those people will face even greater difficulty.

I would love to go on for hours, Mr. Deputy Speaker, but you would not want me to—*[Interruption.]* No, you would not allow me in any case! I appeal to the Government to recognise that small businesses are under massive pressure, partly because of the impact of proposed Government actions on taxation. Even at this very late moment, I urge the Government to reconsider and provide more support and confidence to a sector that our children and grandchildren as well as ourselves will rely on to meet the global challenge that we are told they will face in 10, 20 and 30 years' time.

4.51 pm

Mr. Mark Todd (South Derbyshire) (Lab): Given the subject of the debate, I should refer briefly to the health of the South Derbyshire economy. It is the area that I represent and we now have a claimant unemployment rate of only just over 1 per cent. We have a robust manufacturing base. A third of the South Derbyshire work force is employed in manufacturing, which is double the national average. The region has

[Mr. Mark Todd]

major companies such as Toyota, but also has many skilled Rolls-Royce and other workers employed in some of the key manufacturing businesses of our economy.

South Derbyshire is arguably the manufacturing centre of the UK and it is also becoming an increasingly affluent place to live. It is attracting businesses, which widens the range of work available to my constituents. Much of it lies to the credit of the work force, particularly their flexibility and their ability to absorb change, but many Government measures have aided these processes, so the Government deserve some credit for that.

I want to focus on more global issues. I am concerned that after a long period of benign circumstances in the global economy, we may face some difficulties in future. I have watched as current account imbalances in the USA have been matched by inward investment with growing doubts as to how long it can possibly be sustained. The potential consequences of those with savings and investments choosing not to place their wealth in the USA could be serious. There is little that we can do about it, but it is a real concern because of the implications for the global economy and then for our own economy, which, in being a centre for trading with the US and many other parts of the world, is a critical part of it.

The hon. Member for Stratford-on-Avon (Mr. Maples) touched on another important issue when he made some interesting remarks about Northern Rock. I refer to the process of financial integration in our world. First, it is important to say how positive much of that has been. We have tended to be rather complacent and accepting about what has been happening, without looking at the extraordinarily innovatory skills displayed over the past 10 to 15 years, and the ability to handle a transformation in the trading of increasingly complex products for dispersing loans around the world. One of the main benefits of that is the dispersal of risk over a much wider scale than previously.

However, the liquidity glut that we have had for some years, which terminated rather dramatically this summer, led to complacency in the pricing of risk, as was mentioned earlier in the context of one UK bank. We have also seen a race towards the lower and lower pricing of that risk in the seeking of new business. I have been concerned about that, and the regulatory authorities and the Bank have talked about some of those risks for some time, well before the Northern Rock hit us firmly in the face with a specific example of the possible consequences. There is in part an unwillingness on the part of those who trade in such products to fully appreciate that the risk is dispersed across the life of the product. They seem to think that just because conditions seem excellent now for trading the particular item, those conditions will remain in perpetuity, or certainly for the lifetime of the loan. We can learn some salutary lessons from the experiences of the past few months in relation to understanding how risk must be priced and the consequences when it goes wrong.

Clearly, a broader international understanding of risk management is required among regulatory bodies. Let me illustrate the scale of innovation that we have seen. In 1992, the worldwide volume of derivatives outstanding was valued at $12.1 trillion. In 15 years, that sum has grown thirtyfold. We have therefore seen a startling growth in the migration of loans around the world, and we ought to give credit for the fact that that has been achieved through incredible developments in our financial services markets and the skills of those who trade in them, and with relatively few disadvantageous consequences. We should try to keep in proportion the issues that we have faced recently—I will return to that issue in my final remarks. We have seen what happens when things go wrong in our own economy and banking system, but it is important not to overreact and ignore the context of a much longer period of stability and successful innovation in products.

The tool sets available for assessing risk in our financial institutions have been tested recently in the UK and, I have to say, have been found wanting. I do not want to prejudge the deliberations of the Select Committee on which I serve, but I would be surprised if there were not criticisms of the way in which the Financial Services Authority carried out its function of examining the affairs of Northern Rock.

Beyond the UK, there is also an important context. The internationally agreed frameworks for capital adequacy, such as Basel II, give inappropriate signals of the security of some financial institutions, when exposure to liquidity crises is not tested in the process at all. Northern Rock had passed the Basel II test and was about to distribute proceeds to shareholders because it thought that it did not need as much capital. Then the crisis hit. Of course, there was not a proper examination of its exposure to liquidity risk, so it did not seem to have built that into its thinking at all.

At the UK level, the Financial Services Authority has already accepted some degree of fault in the matter. I am sure that in future we will assess test scenarios for the security of our financial systems beyond those that have been used so far.

I want to say a little about the design of savers' guarantees, to which the hon. Member for Stratford-on-Avon also referred. I agree with him that it is important for us to design a savers' guarantee that correctly protects small savers who are innocents in this regard. If we protected every saving placed with a bank the potential liabilities to British taxpayers would be massive, and—this is the "moral hazard" argument which we have already heard—we would encourage mistaken behaviour in the banking community. However, the guarantee that we provide must be backed by a clear communication of its limit. I support the view that all depositors should receive a statement in bold type of the exact level of the guarantee that they are receiving when placing a saving in the hands of a particular financial institution. Such a statement should be expressed in not threatening but factual terms, so that no one can claim ignorance. As I said earlier in an intervention, I was startled at the number of people who had been putting very large sums in one institution—all their savings—without any appreciation of the risk that they continued to bear, small though it was.

Let me end by repeating something that I said earlier: we should not overreact to the circumstances of the last few months. The hon. Member for Stratford-on-Avon gave a very reasonable analysis of what had

happened, and of the difficult decisions that had to be made. He could have gone on to explain, as I have tried to do, that there has been a generally successful regime in this country for quite some time under both parties, with relatively few failures and relatively small consequences when such failures have occurred, unpleasant though they have been for those directly involved in them.

It would be wrong for us to respond in a typically British way by ladling vast quantities of regulatory intervention into the system in the belief that it will prevent any risk from ever arising. That is a typical response to a crisis: we immediately command others to stop the risk occurring again. I regularly argue with constituents who say to me, "We must make sure that that never happens again". I have to tell them, "We can attempt that—we can make it less likely—but we can never say never". Ladling disproportionate intervention into the system would stifle the innovation to which I have referred, whose effects have been generally positive. It would also burden our financial sector substantially and, through that, burden the United Kingdom economy and make it less competitive.

We must react in proportion to what we have seen. It is difficult to avoid the instinctive feeling, which I have seen in all Governments, that they can take dramatic interventionist steps to prevent a risk from ever arising; but what is required is a better understanding of the risks that we face rather than vain attempts to eliminate them altogether.

5.3 pm

Mr. Stewart Jackson (Peterborough) (Con): It is a pleasure to follow the reasoned tones of the hon. Member for South Derbyshire (Mr. Todd). I am sure that Members on both sides of the House feel that he will be missed when he retires at the next election. It is also a pleasure to contribute to the debates on the Gracious Speech.

I shall confine my remarks essentially to two issues. The first, on which I shall speak very briefly, is the vexed question of party funding; the second, which is particularly pertinent to today's debate, is welfare reform and the Government's stewardship of the welfare state, including pensions and benefits. I draw the House's attention to my entry in the Register of Members' Interests.

On the issue of party funding, I would caution the Government—as informally as possible, and in a friendly way—against making the mistake of pursuing unilaterally the option of using vital legislative time to force through a Bill to gerrymander Opposition parties out of a number of key marginal seats without also seeking to include trade union funding and donations. The British public are aware of the fact that they have stumped up £10 million for the union modernisation fund over the past seven years, and that, in 2006 alone, £9 million was given by the trade unions to the Labour party.

The Minister for Employment and Welfare Reform (Caroline Flint): The hon. Gentleman said that he would like to declare something in the Register of Members' Interests. Could he detail what that is, because he leaves us rather perplexed?

Mr. Jackson: I am sure that the Minister will be happy to read my entry when she leaves the Chamber. I have obviously hit a raw spot there.

The British public will see that Bill as underhand, unfair and completely self-serving. I caution the Government that they should not proceed with it.

I want to talk about welfare. The hon. Member for South Derbyshire made a reasonable point about the benign economic circumstances that have existed over the past 15 years in this country. I accept that, in every quarter since the middle of 1992, there has been reasonable economic growth, but I believe that the Government's reputation rests on three quite precarious pillars. One is financial services. Financial services are an immensely important part of the success of this country as a world economic power, and the United States investment bank crisis and the credit crunch will inevitably have an impact on this side of the Atlantic. The Government should be—I am sure that they are—aware of that. The second issue is the unprecedented level—

The Economic Secretary to the Treasury (Kitty Ussher): The hon. Gentleman advised that we look at his entry in the Register of Members' Interests. I wonder whether he could tell us what the United and Cecil club is.

Mr. Jackson: I am happy to—it is a dining club and it made a contribution to my fighting fund before I was a Member of Parliament. The Minister should perhaps research her attack points a little more comprehensively before she intervenes.

Madam Deputy Speaker (Sylvia Heal): Order. I think that the hon. Gentleman is about to move on, but I suggest that we move on and debate the amendment on the Order Paper.

Mr. Jackson: Thank you, Madam Deputy Speaker. I am sure that those on the Treasury Bench will have noted your comments.

The second issue is about public expenditure. We have seen unprecedented public expenditure—roughly 5 per cent. above the rate of inflation—over the past 10 years. That will significantly reduce and that will have a macro-economic impact. The third issue is the housing market, which in many parts of the country is such that new build is not sufficient to keep up with demand. Younger people and families cannot get on the housing waiting list. In my constituency, we have over 6,000 people on the housing waiting list. Any reduction in house prices will have an impact on the wider economy.

I would like you to cast your mind back, Madam Deputy Speaker, to 2 May 1997. How many Labour Members of Parliament would have imagined that their own Government would be—it is scarcely credible—so inefficient, incompetent and wasteful that we now have 5.4 million economically inactive people in our country? The Government do not even know how many jobs they have created. They cannot even verify their own spin. They cannot even say how many foreign workers have entered our country and are in the work force. They have probably understated the number by at least the 300,000 that was conceded two weeks ago.

[Mr. Stewart Jackson]

Three million people are not in work of any kind. We are constantly told about the Government's success in the economy, but those people are not sharing in that economic success and that growth. Under the current Government, we have embedded a culture of welfare dependency. Millions of people are excluded from sharing in success. They are in cultural and economic limbo.

Barbara Keeley: I do not know for how long the hon. Gentleman has been a Conservative, but I remember when there was a Conservative Government. I was in local government at the time, and there were millions of unemployed—there were thousands of unemployed people in any constituency. If the hon. Gentleman wants to talk about welfare dependency, he ought to think back to the damage wreaked on this country by Thatcher. Under the current Government, in my Worsley constituency we have 1,000 more people in employment. That is a fact. One thousand more families have benefited and are not welfare-dependent.

Mr. Jackson: Under the hon. Lady's Government, the gap between the poorest 10 per cent. and the richest 10 per cent. has widened. That is a badge of shame for her Government, given the enormous amounts of public money they have wasted and frittered away. It does not wash for the hon. Lady to claim some sort of moral superiority.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): We could spend all day arguing about the track records of different Governments, but the truth is that worklessness is still a serious problem in this country. The only thing that has let the Government off the hook in terms of not providing enough investment for skills training and not tackling the growing number of young people not in education, employment or training is the fact that the country has been swamped with a lot of foreign workers, many of whom are highly motivated and have a strong work ethic.

Mr. Jackson: I agree. The Prime Minister's patently absurd—and, frankly, disingenuous—comments about British jobs for British workers are risible and stand up to no reasonable scrutiny.

Caroline Flint *rose—*

Mr. Jackson: I will not give way to the Minister because I must make some progress—if she will allow me.

What is the situation? There is a hinterland of crime, alcohol and drug abuse, poor educational attainment, antisocial behaviour and sexual promiscuity. We have the highest rate of teenage pregnancies in western Europe. We are currently spending within the remit of social protection £100 billion per annum—£4,000 per household. That is happening under a Labour Government. We are constantly told how many more people are in work, but rarely is mention made of how many people are not in work and thereby not contributing to the economy and generating tax income for our public services.

I wish to draw Members' attention to the increasing complexity of the welfare state, even in the past 10 years. There are now 51 separate benefit entitlements, compared with 27 in 1979. That points to a pertinent fact: less than 20 per cent. of non-pension welfare expenditure is in any way conditional on claimants seeking employment—3 per cent. in respect of jobseeker's allowance and new deal, and less than 16 per cent. in respect of tax credit expenditure. The figures are startling, and Members would be wise to take note of them. The number of people remaining on benefit for more than five years has risen by 600,000 since 1999 to 2.4 million, and 1.25 million young people are not in work or full-time education. Almost 50 per cent. of young jobseekers who leave the new deal for young people are back on benefits within 12 months, and 2.7 million people are on incapacity benefit—significantly higher than in 1979. We are told that we have a healthier country, but what we are talking about is nothing short of disguised unemployment by this Government.

Most academics would accept that at least half the 5.4 million welfare-dependants in this country could work if they chose to do so, but this Government have not sufficiently developed programmes and policies to enable that to happen. If people can work, why do they not choose to work? It is not because of the lack of jobs. In my constituency, the eastern region, the south-east of England and London in particular, I see that jobs are available for people to take. The sad fact is that after 10 years of a Labour Government, not taking work is a rational option for many people. Ministers know that full well.

Recently, the permanent secretary at the Department for Work and Pensions told the Public Accounts Committee that benefits were "non-sanctionable". That means that there are no consequences for recipients who refuse to take work. What sort of benefits system is that to have in the fourth or fifth largest economy in the world? The failure to tackle welfare dependency is a national scandal, and in respect of benefit fraud it is unfair and unjust to those such as children in poverty who are truly in need of assistance and state benefits. The Chancellor of the Exchequer cried crocodile tears about children in poverty, but according to the DWP, child poverty rose last year by 100,000—before housing cost—to 2.8 million individuals, or 22 per cent. of children. If housing cost is taken into account, it rose by 200,000 to 3.8 million, or 30 per cent. of children.

Mr. Simon: May I check whether the hon. Gentleman was serious about the crocodile tears? By "crocodile tears", I assume that he means that the Chancellor of the Exchequer and the Labour Government are pretending to be concerned about child poverty for cynical reasons when they are not concerned about it at all. I understand that child poverty was not on the agenda for 20 years until a Labour Government came to power in this country, put it in the middle of the agenda and spent a decade doing something about it. If the hon. Gentleman thinks that that is crocodile tears, perhaps he should have learned a little bit more about why.

Mr. Jackson: The thing about the left and the Labour party is that they are rarely matched in humbug and sanctimony; it is said that only they care about the poor and dispossessed. This moral sanctimony is not backed

up by the policies that they have put into practice in government. If I may give the hon. Gentleman a history lesson, the Conservative party has been responsible for many progressive reforms over the years in social housing, public health and other areas. So I ask him to desist from lecturing the Conservative party on its moral values and beliefs. I merely contrasted the Chancellor's rhetoric with the record, which is not a good one to defend.

In March, UNICEF rated the UK the lowest of 21 Organisation for Economic Co-operation and Development countries for children's well-being. It was an assessment of material well-being, health and safety, educational well-being, family and peer relationships, behaviour and risks, and subjective well-being. I made the point earlier that the weekly income of the bottom 10 per cent. of the working population fell between 2005-06 from £91 to £89.

We see many examples of maladministration and error presided over by this Government. I could cite the 4,000 families overpaid tax credits in my constituency, the £1 billon-worth of tax credits fraud, and the disability living allowance fraud—a major part of the large-scale fraud that the National Audit Office has identified, which may add up to £3 billion. Even the Child Poverty Action Group has been moved to say that

"behind these figures are thousands of families struggling to survive when the overpayments are clawed back".

What is to be done? I know that time is short, Madam Deputy Speaker. I commend to the House the work of the Adam Smith Institute in its "Working Welfare" report, which was published last week. The proposals in the document are that all people of working age who do not meet national disability criteria could face immediate work reviews; that job centres could be privatised and paid by results; that local authorities could be responsible for paying benefits; that absence from work without good cause could trigger a reduction in benefit; and that those with serious educational deficiencies could receive training and assistance, and similar treatment could be offered to those with drugs and alcohol misuse problems. *[Interruption.]* Labour Members may sneer, but that has been tried in the US, and it has resulted in a 60 per cent. reduction in welfare rolls.

Who would not wish to see people choose to work to improve their family life and future and to give them direction, instead of staying in the hinterland of welfare dependency? Certainly no one on the Conservative Benches would. In Wisconsin, there has been an 80 per cent. reduction in welfare dependency. I commend to the House the work of my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) and the Centre for Social Justice, and that of my right hon. Friend the Leader of the Opposition.

Had we had a Conservative Queen's Speech, it would have contained legislation in favour of married couples, to increase the working tax credit and to lift 300,000 children out of poverty—

Mr. Simon: How certain is the hon. Gentleman about what he is saying? It was notable that the Conservative Front-Bench spokesman did not mention either of the things that the hon. Gentleman has just mentioned or any of the things that he is about to mention. In fact, the Opposition spokesman did not say a single word about anything they might do or any reason why they might do it. One would think that the Conservative party had no economic policy at all.

Mr. Jackson: I trust that the hon. Gentleman will put my speech on YouTube. He has form in making a Charlie of himself in that regard—*[Interruption.]*

Madam Deputy Speaker: Order. Perhaps we could continue with the debate on the economy and welfare.

Mr. Jackson: I have been as generous as humanly possible to the hon. Member for Birmingham, Erdington (Mr. Simon).

A Conservative welfare programme would be about tackling long-term poverty and welfare dependency, and getting people into meaningful and long-term work, not Labour's bogus schemes to hide the real level of unemployment—

Caroline Flint: Will the hon. Gentleman give way?

Mr. Jackson: No, I have not got time to give way.

The right hon. Member for Birkenhead (Mr. Field) recommended as long as nine years ago time-limited benefits, a local focus on benefit delivery and tighter controls on immigration as ways in which the employment situation and welfare dependency could be tackled. It is a tragedy for this country and for the Labour party that the then Prime Minister did not have the courage of his convictions, think the unthinkable and listen to the right hon. Gentleman, who is a fine man who has done much good work in that area.

I look at national policies unashamedly through the prism of their effect on my constituency, which has the highest level of unemployment of any area represented by a Conservative MP. I am very concerned about that. Some 2,000 young people—26 per cent.—are not in education or training, and that figure has not changed in the past five years. One in seven young people are unemployed. Disability living allowance cases have increased by 39.7 per cent. in the last 10 years. We cannot mend a broken society—

Caroline Flint: On a point of order, Madam Deputy Speaker. The hon. Gentleman was talking about unemployment, but disability living allowance is paid to people in employment as well as those out of employment. That is an important point to recognise.

Madam Deputy Speaker: That is not a point of order for the Chair, but a matter for debate. I have no doubt that there will be further discussion of the issue in the winding-up speeches.

Mr. Jackson: I am sure that a student union debating style is de rigueur in the parliamentary Labour party. It is a shame that when I am talking about key issues that affect my constituents the Minister should follow the lead of the Prime Minister with facile, student union politics—

Madam Deputy Speaker: Order. I suggest that temperate language is used in the Chamber.

Mr. Jackson: We cannot mend a broken society without dealing with the issues, especially fractured families. It may be unpopular to say so, but we must concede that we cannot tackle those problems only through economics: what we need is a moral culture in which people have responsibilities as well as rights. My party has a proud record of progressive incremental social reform and change in the areas that I mentioned, including housing and public health. We will not have a Conservative Government for a while—*[Interruption.]* But we will have such a Government, and it will fall to them to continue that tradition and mend Britain's broken society.

5.25 pm

John Mann (Bassetlaw) (Lab): I congratulate the hon. Member for Peterborough (Mr. Jackson) on his excellent speech, which was an accurate demonstration of the true feelings of his party. I wish him well and hope that he is promoted to his Front Bench in the near future.

It is helpful for the House to look back at what people have said and analyse why they have said it. I am not someone who stands up and calls for apologies, but I am interested in the evidence for people's past statements. I want to consider the Budgets and the Opposition responses to them since 1997, and to take specific examples from them. I would be pleased if the Opposition would contribute to the debate by outlining the research on which they based a number of miscalculations in Budget responses from successive leaders.

In 1997, the then Leader of the Opposition stated that

"the cost of employing people with a minimum wage and social chapter will destroy jobs."—[*Official Report*, 2 July 1997; Vol. 315, c. 322.]

We are now in a position to analyse objectively what happened economically, and the number of jobs increased rather than decreased. No economists have given any suggestion that the minimum wage destroyed jobs. It is important to consider whether that was mere political rhetoric, or whether there was an economic analysis behind it.

The importance of that resonates more strongly if we take the example of the 1998 Budget. The then Leader of the Opposition stated that a

"minimum wage 'risks generating significant levels of unemployment among young people'."

History demonstrates that the number of jobs increased, rather than decreased, as the minimum wage came in. I will not suggest that the minimum wage created jobs, but no jobs were lost because of it. However, for a second successive Budget the Conservative economic analysis was misjudged. I do not suggest that the Conservatives should apologise for the mistake, because it was a genuine one. However, what is important is the underlying economic analysis that led to it. There was more in the 1998 Budget. The then Leader of the Opposition also said:

"The Government are pursuing employment policies that are likely to destroy jobs rather than create them."—[*Official Report*, 17 March 1998; Vol. 308, c. 1118.]

Again, history has proven that that was not the case as jobs were created after that Budget.

In 1999, the then Leader of the Opposition, who stated that "industry is in recession", was found to have misjudged what was happening. Industry did not go into recession. He stated that

"forecasts for this country have been downgraded more sharply than in any other country in the western industrialised world".—[*Official Report*, 9 March 1999; Vol. 327, c. 195.]

After that Budget, the British competitive position improved compared with those of our main competitors. The Opposition stated that their expectation was that there would be a downward spiral relative to the rest of world and our major competitors, but the opposite happened. A trend is emerging.

In 2000, the then Leader of the Opposition said that the Government's economic policies and Budget were creating

"a brain drain in this country".—[*Official Report*, 21 March 2000; Vol. 346, c. 876.]

In fact, the increase in the number of non-doms has meant the reverse. There has been no brain drain, so the Conservative economic projections did not occur.

There was a change of tone in the Conservative response to the 2000 Budget, however. Unlike their responses to the previous three Budgets, the Conservatives commented on general social policy, so their projection was that hospital waiting lists would become longer. In fact, hospital waiting lists went down in the year after the Budget and the position was maintained in future years, so the Conservatives were wrong.

The Conservatives predicted that the 2000 Budget would lead to "extreme damage" to the market in the City of London. In fact, in 2000 and 2001, there was a boom in the City of London relative to world financial markets that consolidated its position as a world financial leader. Again, the economic analysis behind the Leader of the Opposition's response to the Budget was fundamentally wrong.

Mr. Crabb: I admire the hon. Gentleman's rational, evidence-led approach to the issues, but if his central point is that the Conservatives got their calculations and analysis wrong Budget after Budget, he must recognise the irony in his speaking from the Benches of a Government with a spectacular record in missing their forecasts and getting their calculations wrong.

John Mann: I shall talk about growth forecasts in a minute. What is uncanny is how accurate the Government's projections have been, especially on the economy. In social policy it is difficult for any Government accurately to predict what will happen in future, because many factors can influence social policy changes, and general trends can be identified more clearly than specifics, but the Government have repeatedly got their economic analysis pretty much spot-on. I shall set out some of the indicators that demonstrate that point, but I want first to consider the 2001 Budget, when the Conservatives were about to change their leader.

In the response to the 2001 Budget, the then Conservative leader told us that the Government were

"steadily destroying Britain's competitive advantage. While they have been playing politics with the British economy our competitors have sharpened up their act."—[*Official Report*, 7 March 2001; Vol. 364, c. 314.]

In fact, what happened the next year was exactly the opposite—our competitive advantage improved vis-à-vis the rest of the world. Again the Conservative party's underlying economic analysis was flawed and mistaken—the opposite happened.

There is a pattern, and I shall explain why the Conservatives have been so misguided in their economic policy analysis. In 2002, the Conservative leader said:

"Britain's ability to compete in the world has slumped...the USA is overtaking us again."—[*Official Report*, 17 April 2002; Vol. 383, c. 598.]

In fact, the opposite happened, so one might think that it would have been sensible for Conservative economic advisers to pull back from some of their predictions. Every year, one of their fundamental, major economic predictions was wrong.

When we hold political debates we do not know what will happen, but in 2007 with the benefit of hindsight we can see what was right and what was wrong. The Conservative response to the 2003 Budget stated that as a result of the Chancellor's new taxes one in five firms would cut jobs, but in fact the number of jobs grew. One in five firms did not cut jobs; there was no economic basis for the claim.

It is perfectly legitimate to debate what our social priorities should be and I am sure that the main parties will disagree about them—majorly or minorly—but yet again, uniquely, the Conservative party's economic analysis was wrong.

In 2004, the Conservative leader predicted a downturn, which, by the way, rather conveniently allowed him to predict tax rises in Labour's third term. In fact, there was no downturn that year, so one began to hear a change of tone. It was claimed that the economic analysis that led to the political projections had been wrong, presumably to demonstrate the Government's lack of competence. However, when we look back, we see that the Opposition's claims demonstrated the Conservative party's lack of economic competence.

In 2005, the Conservatives made a projection about a black hole, and we have heard about that again today. Therefore, those listening to the debate might want to recall that the then leader of the Conservative party said of the 2005 Budget that such were the finances, income tax would have to increase by 3p in the pound and that national insurance contributions would have to increase by 3 per cent. I might have missed that, but I do not think so: it did not happen, because it did not need to happen, as there was no economic downturn.

Yet again, the then leader of the Conservative party's fundamental economic analysis was proven wrong. He cited examples that strayed into social policy, and I suggest to the Opposition that that is always unwise in their response to a Budget. He cited the chief constable of Nottinghamshire saying that police could not cope anymore. It just so happens that, being a Nottinghamshire MP, I have the Nottinghamshire crime statistics. Let us guess what happened in the year after the 2005 Budget: crime across Nottinghamshire came down, and that has continued to happen year on year. So even the attempt to use third-party support has backfired, which allows me to repeat that it is important that the Opposition stick to the economics and look at why there has been such a fundamental flaw in their economic analysis after every Budget.

Mr. Simon: I am not clear—I do not know whether my hon. Friend can enlighten me—whether the Conservatives make those consistent, frequent, fundamental and basic errors of analysis in good faith, because they are not very good at sums or analysis, or whether they are quite cynical, opportunistic people who say things for their own political purposes in the most cynical way. It is quite important to know.

John Mann: I am sure that the Conservatives will want to respond from the Front Bench in their winding-up speech to state which it is. In 2006, they said that Britain could not compete in the global economy, but our economic position was competitive and did not worsen in the subsequent year, and the right hon. Member for Witney (Mr. Cameron) made by far the shortest speech on record by a Leader of the Opposition.

Mr. Crabb: Will the hon. Gentleman give way?

John Mann: No, let me inform the hon. Gentleman about the last Budget, when there was a major step change. I have now analysed all the speeches made by Leaders of the Opposition since 1997, and they have all been wrong on economic grounds, with a bit of social policy thrown in. Things were totally different in 2007, when they turned to a series of personal attacks. The economic analysis disappeared, presumably because, having looked back, they found that it was repeatedly wrong, but they got a bit carried away with the rhetoric, despite the fact that the speech was prepared. It was suggested that Britain was doing particularly badly in relation to France, the United States and Serbia and that we were about to run out of money. Again, since the Budget, we have not run out of money. I have not had the opportunity to look at the Serbian economy, but I am sure that the Conservative spokesperson will give us an analysis of how we have done in the past six months compared with Serbia, which was cited by the Leader of the Opposition in his official response to the Budget. We described previous leaders as "boom and bust", but it is more like "doom and gloom" now, because that is what they have projected after each Budget in the past 10 years.

Under the Tories, I set up and ran a business with my family. In those years, there were major problems, but now we have stability and consistent growth. Recently, we have been exceeding growth projections. Interest rates are stable and low, exchange rates and inflation are stable and average earnings are on a nice upward spiral but consistent. A small business such as ours required such a situation during the Major years, but we did not have it; it makes a difference to people wanting to make an investment.

I shall cite the judgments of some independent analysts, most made within the past two or three days, although the first is about three weeks old. Jodie Tiller of CIBC World Markets said that growth was stronger than expected and mentioned

"stronger-than-expected retail sales".

That is contemporary, current commentary. This weekend, the headline of the *International Herald Tribune* was "British economy powers ahead". That is

[John Mann]

the American view of the British economy this weekend. George Buckley of Deutsche Bank is upbeat about the British economy. GDP growth for the last quarter has been 3.3 per cent., rather than the projected 3.1 per cent., which Howard Archer of Global Insight describes as "impressively resilient". Yet yesterday the financial press was saying that investment confidence was low in Germany and that for the US economy there was a bleak outlook with low consumer morale.

I put it to the House that through having a stable economic projection year on year and not meddling with the boom and bust tendencies of previous Labour and Conservative Governments, the Government have allowed British business, small and large, to get ahead and do well. That is why we are more resilient to any short-term downturn than our main competitors. The situation leaves the Opposition rather exposed, because they have to say something at Budget time. What they ought to say is, "Thank you for the success that you have had. We have differences in our spending priorities and we want to debate those genuinely." They should be honest and say, "We accept that the British economy is booming, although we would use the proceeds of growth differently." That would be a legitimate debate. Instead, the Conservatives embarrass themselves by projecting doom and gloom every year and getting it wrong.

Justine Greening (Putney) (Con) Will the hon. Gentleman give way?

John Mann: No; I have three more points to make before I wind up.

Justine Greening *rose—*

John Mann: The hon. Lady will have a chance to respond.

My first point is to those on my own Front Bench and is about labour market flexibility. On my analysis, we are about to get over the legacy of the Thatcher years, although it is still there in the figures reflecting the large number of people in their late 50s on incapacity benefit in constituencies such as mine. They were struck off the unemployment records in the '80s, as the Tory Government made them redundant from industries such as mining, shipbuilding and others.

The fact that we are getting over that is good for the economy. However, I hope that the Treasury will seriously analyse an issue that we have not got on top of: drug dependency. There will be a financial cost if we do not return drug-dependent people—who are, on average, young—to work. The Government have a good and improving track record on getting people who have been on drugs out of crime. However, we must concentrate resources on what we need to do to get more such people back into work. The Treasury should take a lead, with economic modelling on the cost savings that would come from that. My own projections suggest that if we do not do so, the cost to the British economy over the next 40 years will be in the hundreds of billions of pounds, because a relatively young group of drug addicts are often not in work and claiming benefits and will do for a significant period of time.

The British Chambers of Commerce recognised that capital gains tax taper relief for small business was a benefit to business brought in by a Labour Government, not a Tory Government. I hope that the measured way in which it put its case, unlike others, will lead to its getting proper access to Treasury Ministers to discuss its views.

In the coalfield communities, there is a big legacy issue in which we move beyond economic success to aspiration. The coalfield taskforce, which was established in 1998 by the then Deputy Prime Minister, has done brilliant work in creating jobs, as my hon. Friend the Member for Bolsover (Mr. Skinner) outlined in Prime Minister's Question Time. We now need a taskforce to tackle aspiration and entrepreneurship in those communities. Generations in those communities have always had work provided for them. They now have jobs available that they did not have 10 years ago. In the next five years, the Treasury should take the lead in creating that aspiration and entrepreneurship, and the means to develop it, for the coalfields taskforce.

5.46 pm

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): I should like to offer some remarks about an issue that is of crucial importance to our economic stability and success in the decades ahead and which has been referred to several times in the debate—namely, energy security. Like the No. 53 bus, after a decade of waiting for a policy three Bills have come along at once—the Planning Reform Bill, the Energy Bill and the Climate Change Bill—all of which are intended to provide solutions to the major energy security questions of our time. In the 10 years of this Government, energy policy has been in a state of near-continuous review. We have had White Papers, Green Papers and dozens of smaller consultation papers. We had a position on nuclear power outlined in the 2003 Green Paper that was subsequently reversed last year in a display of boldness by the previous Prime Minister, although he did it in such a cack-handed way that he ended up being dragged through the High Court by Greenpeace.

Meanwhile, during the past 10 years the world has moved on. Oil is now trading at about $90 a barrel, driven in part by the fast-growing, energy-hungry economies of China and India. North sea oil and gas production has fallen into sharp decline, and the fiscal regime governing exploration, production and decommissioning of fields in the North sea is not attracting sufficient investment to maximise production in these mature fields. That was alluded to by the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith), who is not in his place.

Throughout the past decade, the UK has moved from being a net exporter of energy to a net importer of energy. That will accelerate in the years ahead and increasingly hit our balance of payments. Our nuclear industry has also been underperforming. Last year, there was a decrease of more than 7 per cent. in electricity production from nuclear sources as a result of the high level of outages due to repairs and maintenance. In the past 10 years, we have become even more reliant on imported coal—the dirtiest hydrocarbon source for electricity generation—from South Africa, Australia and South America.

In terms of our contribution to tackling climate change, which is an integral and important part of the debate on energy security, performance in the past 10 years has been uninspiring, to say the least.

Madam Deputy Speaker: Order. I hesitate to bring the hon. Gentleman to order, but if he looks at today's Order Paper he will see that we are discussing an amendment tabled by the Leader of the Opposition that covers several areas but is to do with the economy and welfare rather than energy policy. Perhaps he could bear that in mind in making his observations.

Mr. Crabb: I apologise, Madam Deputy Speaker. The issue has been referred to in the opening speeches from both Front Benches, and it is a vital part of the debate about the economic performance of our country.

Madam Deputy Speaker: Order. It is fine if the hon. Gentleman is about to relate his remarks to the subject as it might affect the economy. A reference is acceptable, but this is not a debate entirely about energy policy, important as that might be.

Mr. Crabb: I am grateful for that clarification, Madam Deputy Speaker.

One way in which the economy of my constituency has been affected by energy developments in the past few years is the construction of two huge liquefied natural gas import terminals in Pembrokeshire. Those will be a vital part of the energy infrastructure required to ensure that our lights are kept on in the years ahead. Those projects have helped to eradicate male unemployment.

Chris Ruane: Under a Labour Government.

Mr. Crabb: The hon. Member for somewhere in north Wales says that that was due to a Labour Government. People in the industry with real knowledge about the issues say that those projects, like other gas import projects such as the Langeled pipeline and the LNG project in the Isle of Grain, were brought forth as a result of Britain's liberalised gas markets. Price signals and other market information provided the context within which the private sector could bring about huge investment decisions. It is not just down to the Labour Government, but to markets working efficiently.

Mr. Simon: To clarify what the hon. Gentleman thinks that my hon. Friend the Member for Vale of Clwyd (Chris Ruane) said from a sedentary position, the hon. Gentleman seems to have massively misunderstood the extent to which a Labour Government is the opposite of a market solution. In the past decade in this country, a Labour Government with concerns for social justice, child poverty and all sorts of socially progressive things at their core have delivered outcomes using the mechanisms of the market. That is why employment in the energy sector in his constituency is so much higher than it was under the Tory Government, when it was so much lower, even though they supposedly understood how markets worked.

Mr. Crabb: I hear the hon. Gentleman's point.

With regard to the link between energy and the economy, gas development is the only bright spot in the past 10 years of energy policy development in this country. The energy industry and the private sector are waiting for some bold decisions to be made about where our energy will come from in the next 10, 20, 30 or 40 years. That is vital to the economic future of our country. Big decisions need to be made. There were three Bills in Her Majesty's Gracious Speech that seek to address such factors.

Adam Price (Carmarthen, East and Dinefwr) (PC): Notwithstanding the direct employment benefits to the hon. Gentleman's constituency of the LNG pipeline—he and I have very different views on its wider benefits—what ideas does the Conservative party have to regenerate the wider economy in Pembrokeshire, which has some of the lowest wages in the United Kingdom? We cannot build more and more pipelines. What ideas does the Conservative party have on regional economic policy?

Mr. Crabb: My constituency, which is not too dissimilar to that of the hon. Gentleman, relies a lot on micro-business, and the small and medium business sector. If he had been present earlier during the debate and listened to some of the speeches by Conservative Members, he would have heard excellent ideas on how we strengthen that vital backbone of our economy, such as changes to the fiscal regime and investment in skills to ensure a ready supply of skilled workers for the small business sector. Those issues are vital. His constituency and mine have both seen drops in headline rates of unemployment during the past 10 years—the Opposition will not deny that—but in our constituencies, and throughout the country, there are still serious problems, with a growing number of young people not entering education, employment or training, and a stubbornly high rate of people on sickness and incapacity benefit. We need to tackle those areas.

In west Wales, the rural economy in some sectors is being kept going by imported foreign labour. In the hon. Gentleman's constituency and mine, foreign labour is keeping a lot of rural businesses, such as care homes, nursing homes, farms and poultry businesses, ticking over. Now that is not a sustainable solution. As I said earlier, the phenomenon of many highly motivated people coming in from eastern Europe, often with a strong work ethic, has let our Government off the hook in tackling those serious problems.

Adam Price: The hon. Gentleman is right to raise the effect of migrant labour, which depresses wages in some parts of the country that already suffer low wages. Does he support the TUC's campaign to extend the remit of the Gangmasters Licensing Authority to cover other sectors such as construction, manufacturing and retail so that we can have fair pay for all workers in those sectors, too?

Mr. Crabb: I am not sure whether I agree with the hon. Gentleman's point that foreign labour depresses wages. If he talks to some of the businesses in west Wales to which I have spoken, they will tell him that they pay exactly what they would pay an indigenous Welsh person. The problem is that indigenous people with such skills are not there. If he visited the energy projects in west Wales, he would see a lot of foreign labour, working for exactly the same rates and on the same terms and conditions as the Welsh lads there.

Julia Goldsworthy: I want to make a similar point to that of the hon. Member for Carmarthen, East and Dinefwr (Adam Price). Does the hon. Gentleman support the extension of the gangmasters legislation to construction and care homes, when it would make an impact on protection for those migrant workers?

Mr. Crabb: Given that two hon. Members have made the point, I should examine that important policy recommendation. I shall do that.

It is an exciting and challenging time for our country. Two different narratives have been presented by the two sides of the House about economic performance. Much revisionism is going on, perhaps on both sides, too. However, there are major challenges ahead, not least in energy security, as I began to outline at the start of my speech, but also in tackling skills and ensuring that we can compete in an increasingly globalised world.

The powerhouse economies of India and China have been mentioned. Unless we improve the skills of our work force, make the necessary investment in higher education and stop closing down science departments in British universities, we will not produce the skilled work force that we need to compete with those economies.

5.57 pm

Ms Sally Keeble (Northampton, North) (Lab): It is a pleasure to speak in the debate on the most important issue for my constituency. The hon. Member for Preseli Pembrokeshire (Mr. Crabb) mentioned revisionism and I would like to revise some of the figures that the hon. Member for Peterborough (Mr. Jackson) cited. He said that unemployment in his constituency had increased and that it had one of the highest unemployment rates in the country. According to the latest statistics in the report that the Library produced, unemployment in Peterborough has decreased by 22.4 per cent. and currently stands at 4.6 per cent., which is close to the figure for my constituency. The hon. Gentleman muddled that figure with the position of those not in education, employment or training. I shall deal with that later, but he should congratulate the Labour Government on the outstanding impact of their economic policies on reducing unemployment in his constituency.

Indeed, the economy's strong performance, thanks to the Government, has been of the greatest benefit to my constituency. During the debate, several hon. Members referred to Northern Rock. One of the factors that came out in the interesting Select Committee hearings is, perhaps surprisingly, the lack of panic that all the authorities displayed about the impact of Northern Rock and the credit crunch generally on the UK economy, and the prospects of a repeat. The enormous stability in the economy and especially the strength of the banking sector were cited as having made it possible to manage our way through a difficult period. The great stability on the macro level has, therefore, also been important on the micro level. In my constituency, unemployment has decreased by a third while the Government have been in office, but we have had historically high participation in the economy, with a huge work ethic.

When the town started to grow, as part of the expansion of new towns in the '60s and '70s, people came from London and Liverpool because they wanted work, homes and a better life for their families. That has remained the overwhelming ethic of the town and of my constituency. Reflecting the economic mood, Northampton chamber of commerce recently cited improvements in the manufacturing industry and increased optimism in the sector, with four in 10 manufacturers reporting improved cash flows for their businesses, which, ironically, is reported by only 20 per cent. of service companies. Manufacturers have reported higher UK sales, with 44 per cent. seeing an increase, against 41 per cent. of service companies. The outlook is generally positive, and I am particularly pleased that the optimism is coming from the manufacturing sector this time, not just from the service sector.

The question for us now is how the Government can best support a working and aspirational community. The measures in the Queen's Speech are particularly important in that respect. To a certain extent the economic measures are important, but many of the other measures will contribute to the economic success and well-being of my constituents too, such as the measures to improve the work-life balance. There is enormous participation in the economy by women in my constituency, with 83 per cent. of women in Northampton working, which is well above the national average. There has tended to be a pattern of partners staggering their working hours, so that they can share their family commitments. I remember receiving an extraordinary letter from a constituent in her 60s who berated the Government for introducing child care, saying that she thought that parents should look after their own children. She said that she and her husband had shared their child care, with her going to work in the evening, only after he had come home.

There are also measures for more social and affordable housing, which will be extremely important for the young families currently diverted into private sector rented housing. Above all, however, the measures that will probably benefit the economy the most are those concerned with education and training. I refer again to the comments that the hon. Member for Peterborough made about the increasing numbers in the new category of NEET. A number of the measures in the Queen's Speech, particularly the new apprenticeship scheme and the raising of the education leaving age, are about ensuring that those young people have better prospects in life and get into either training or employment.

Julia Goldsworthy: Does the hon. Lady agree that a large number of young people who fall into that category will have complex needs that tie in with demands on other Departments? Does she agree that although multi-agency work has helped to tackle such problems, such work is the first to be cut when there is pressure on local government and budgets are squeezed—that has been the experience in my constituency—thereby undermining the support that those young people need to be offered?

Ms Keeble: I certainly agree that large numbers in that group often have complex, compound needs, involving combinations of social dysfunction, family dysfunction, drug problems and suchlike, particularly in areas where employment levels are high and the economy is strong. However, some of the work being

undertaken by the agencies has already been able to overcome such problems. Perhaps the hon. Member for Peterborough and others who have particular problems with that group of young people would do well to look at what my local Connexions service has done. It was set targets to reduce the number of young people not in education, employment or training. It has well exceeded those targets and, by working closely across the different agencies, has been able to get young people into work and training and to ensure that they do not fall through the holes in the safety net. The new measures in the Queen's Speech will be important, but work is already being done.

One of the factors repeatedly cited by local employers in relation to the prospects for improving the performance of the local economy is the skills level among young people. In that regard, the amount of money that the Government have put into rebuilding schools and improving the pay structure and performance of teachers has been extremely important. All the secondary schools and most of the primary schools in my constituency have been rebuilt. I pay tribute to the teachers and head teachers who, during the chaos of the building work, nevertheless helped to achieve improved exam results for the first time in a long time. That is very welcome and will produce a real improvement.

There are still concerns, however. I am sorry that I was not in the Chamber for the whole of the speech by the hon. Member for Eastbourne (Mr. Waterson). I certainly agree with him that one of the biggest concerns among our constituents now is to ensure that they have security in retirement. When people have worked hard throughout their adult working life, they are entitled to expect to be reasonably comfortable when they retire.

Women in employment, in particular, have missed out. That is why I am so pleased that the Government are going to set up new pension schemes that will, I hope, tackle for the first time the disadvantages that women have experienced in retirement. As I said earlier, 83 per cent. of the women in my constituency work. In the past, their earnings have fallen well below those of men. They are starting to catch up, but a typical comparison is still £380 a week for women compared with £495 a week for men.

The Turner report clearly identified that women were poor in retirement and fell behind not only because they did not receive the state pension but because they did not have a pension scheme linked to their employment. Overcoming that problem would provide a real breakthrough for women in retirement. I look forward to the new legislation, which will have to ensure that, for once, women can get pension schemes that are linked to their employment and that will enable them to make the right provision for themselves in retirement. It has been mentioned by several hon. Members that a key factor in these proposals is the extent of consensus that exists, because the extent to which people will participate in the schemes, and their viability, will depend on that.

One of the medium-sized employers in Northampton talked me through his pension scheme very carefully, because he was most concerned about the fact that it was reaching a point at which it was no longer viable. His biggest problem was the fact that many younger people had simply opted out of the scheme. The age profile of the scheme was therefore changing and it really was not working. He was thinking about having to close it. I could see that that was not just because of the financial aspects of the provision—his scheme looked very good—but because of the perceptions of the young people. Some of them thought that what one should do was to go into another pension scheme, rather than the company scheme, and the system was gradually falling into decay.

Of course, people need good advice and there must not be any mis-selling. People have to look at what is in their best interests, but when the new schemes start off, it is important that they are given support and not undermined by constant rubbishing. I have to say that we have heard rather too much rubbishing of the proposed new scheme from Conservative Members.

Mr. Waterson: I knew that it was too good to be true when the hon. Lady paid tribute to my speech earlier. Which would she rather have? Does she want people to go into the scheme with their eyes closed, ending up no better off or, in some cases, worse off; or should they go in fully informed and aware of how the scheme was created for people on low incomes and on interrupted work patterns, who may have to rent in retirement?

Ms Keeble: The scheme obviously has to be designed to meet the needs of a changing work force, particularly for the growing number of women who may have some interruptions in their careers, but increasingly short ones. It is also important to show confidence in the scheme. People should start with the assumption that it should be looked at positively, rather than thinking, "Oh, this is a rubbish thing, but people say I will be better off; it may be better just to wait". At the end of the day, that will become a self-fulfilling prophecy. It is a difficult one to juggle, but if the scheme is constantly run down in the way that occupational and other schemes were undermined, we shall find exactly the same problem; schemes will not work properly because they will not have enough people in them.

I should like to take up a further issue with my right hon. Friend the Secretary of State for Work and Pensions, who I am sure will deal with it. What happens to pensioners who are on medium or modest incomes—as many of my constituents will be on retirement—and who own their own homes? There are some difficult issues about the expense of home ownership for pensioners who are asset rich and, if not poor, at least on modest means. The issue is repeatedly brought up with me by constituents, who find that they face real financial difficulties in maintaining their homes. If they sell and try to downsize, the economics of that does not work either. I am thinking particularly of people who bought the Conservative party dream and moved from the inner cities to Northampton, bought their own council homes, but now find themselves well past retirement age and facing real difficulties. They often say that although things such as the Warm Front initiative are important, they are not enough: they need to be able to release some of the equity in their homes to make them habitable, comfortable and secure for their retirement.

Will my right hon. Friend look into this problem and see whether there is any way of providing further support—other than through the warm homes scheme,

[Ms Keeble]

which is extremely good, but only goes so far—for pensioners in this situation with financial difficulties? It would help them if some equity could be released and put into home improvements so that they avoid the need to remortgage, which is a problem, or to go into some of the more difficult equity release schemes, which could land them in even worse financial problems. As I said, pensioners have raised this issue with me on a number of occasions—mainly those who have bought their homes, provided for their retirement and done all the right things, as it were, but who find it more difficult to manage their homes, particularly the capital costs of improvement, as they get older.

Overall, however, the Queen's Speech contains important economic measures such as those on security of deposits and use of dormant accounts, and a large number of measures that will improve the economic performance of my constituency and the well-being of my constituents. Those measures will ensure that this Government meet the aspirations of the people in my constituency and other areas of middle England.

6.15 pm

Mr. Philip Dunne (Ludlow) (Con): I must apologise to you, Madam Deputy Speaker, for not being able to attend the opening speeches this afternoon as a result of my Select Committee duties.

It is a great pleasure to contribute to the debate on the Gracious Speech and to follow the hon. Member for Northampton, North (Ms Keeble), who clearly either read a different Queen's Speech or made a very different interpretation of the one that I read. I am afraid that I found the speech a great disappointment. It lacked the famous vision about which much has been said in and outside the Chamber. It seemed to lack a recognition of many of the problems that beset our economy, to which I wish to address most of my remarks. Consequently, it lacked any serious attempt to provide solutions to the problems that we face.

We must remember that the economy is currently facing challenges posed by global shifts in economic power from, broadly speaking, the industrialised nations of the 20th century to what will become the technological nations of the 21st century. In part, the way in which our economy reacts to that is causing seismic changes. Currently, this country has the lowest savings ratio that it has ever had, business investment in manufacturing is half the level of 10 years ago and we are rapidly losing our historic manufacturing base. Nothing in the Queen's Speech attempts to address those fundamental problems. In part, that is the result of a change of leadership at the top of Government. Now that senior members of the Government are four months into their new roles, we have the opportunity to see how they are getting on.

The new Chancellor has, I must admit, an unenviable position to defend. In the third month of his reign as Chancellor, he has presided over the first run on a bank in this country for 141 years. I will return to that in a moment. Last month, the Chancellor also had the opportunity to introduce a pre-Budget report. His disappointing performance in that pre-Budget report and subsequent events have shown him unravelling before our eyes. There were relatively few innovations in the pre-Budget report of the Chancellor's own inspiration. He seemed to look elsewhere for inspiration, notably to some of the inheritance tax proposals introduced so spectacularly by my hon. Friend the Member for Tatton (Mr. Osborne) a few days before the pre-Budget report. Miraculously, those proposals appeared in the Chancellor's speech, and he has found it difficult to admit to the date on which he first started to think about them.

The one idea that the Chancellor had of his own was to simplify capital gains tax on business. He introduced a flat rate instead of the plethora of rates, tapers and reliefs. That can undoubtedly be traced back to the desire to introduce a higher rate of taxation on private equity executives who had been exploiting an apparent loophole—it was not a loophole, but a 10 per cent. rate of capital gains tax introduced by the Prime Minister, when he was Chancellor, back in 1998. Undoubtedly, that was one of the few measures for which the business community would regularly applaud the Prime Minister during his tenure as Chancellor. His successor decided that instead of living with a competitive rate of capital gains tax for entrepreneurs, he would virtually double the rate to 18 per cent. to address a politically inspired assault on a very narrow segment of the business community, namely private equity executives.

That idea was ill thought through. We know that it was ill thought through because the Chancellor confessed in evidence to the Treasury Committee that he had not discussed the proposed changes in capital gains tax with any of the traditional representatives of business, large and small, with whom the Treasury normally has regular dialogues, not about taxation rates but about fundamental changes in the structure of taxation. He was forced to make that admission because the representatives themselves were telling anyone who cared to ask them that there had been no consultation on the changes before their introduction. It is not surprising that this rushed measure introduced to deal with another problem has caused uproar in the business community. Such is the uproar that the Chancellor has had to come crawling back to the House to say that he is thinking of introducing some reliefs.

Let us spend a moment thinking about the consequences of the muddle over this measure for the economic lifeblood of the country, particularly the small business man. By introducing an 80 per cent. increase in capital gains tax, the Chancellor is clobbering the owners of the 4.5 million small and medium-sized businesses that represent the engine of growth in the economy as we move into the new era to which I referred at the beginning of my speech. They have been most vociferous about the effect that the increase will have on the way in which they plan investment in their businesses.

The Chancellor's action has also had a significant impact on savers in employee share schemes, some of whom were expecting to pay tax at rates as low as 5 per cent. under reliefs and other schemes that will remain in place until the Finance Bill is enacted. According to ProShare, hundreds of thousands of them will have to pay tax at the new 18 per cent. rate.

Paul Farrelly (Newcastle-under-Lyme) (Lab): Many years ago, when I was advising mostly small businesses on sales, the level of capital gains tax—under a

Conservative Government—was the same as the higher rate of income tax. Even after these changes it will be at half that level, and below the standard rate of income tax. I think that those who realise capital gains are still being given a very good deal. Does the hon. Gentleman not agree?

Mr. Dunne: I believe that since the hon. Gentleman left professional practice, capital gains tax rates have fallen in our main competitor nations. The new 18 per cent. rate is substantially higher than the rate for those seeking to set up businesses in Switzerland, Hong Kong or Ireland, and I think it is higher even than the rate in France. As I said at the outset, we are now in a global environment. People do not decide where to locate their businesses purely from an incorporation point of view or in the light of the current level of income tax—

Mr. Oliver Heald (North-East Hertfordshire) (Con): What about taper relief?

Mr. Dunne: Indeed, the abolition of taper relief has a significant impact on the actual level of tax that people must pay.

Mr. Heald: Is it not particularly dismal that this is a tax on our future as a nation, and that it hits young people? It is all of a piece with the Government's failure to consider the proposals to remove stamp duty on first-time purchases of houses, and in the same bracket as their failure to include in the Queen's Speech any measure to reduce the number of young people who are still unemployed and not being trained.

Mr. Dunne: I entirely agree. There was very little in the Queen's Speech to stimulate the economy, and quite a lot to restrain entrepreneurial endeavour.

It not only those who will be affected by the tax changes who have been complaining so much; it is Ministers themselves. The Minister for Trade Promotion and Industry has been quoted as saying that this is a terrible proposal, and he is supposed to have been having a quiet word with the Chancellor. A week after the Minister made that statement in Bolton, I asked the Chancellor whether they had had an opportunity to speak and I regret to say that they had not. Either the Chancellor was not listening when the Minister was passing on the views of business men from Bolton, or they do not talk very often.

As a consequence of that measure, there is now a form of paralysis in the small business environment. Investing for capital gain in one's business is a long-term process. It is not undertaken lightly. One does not switch in and out of that. Through abolishing the taper, the Government have removed an encouragement for long-term investment. They are now actively encouraging short-term investment. Because of the muddle over whether any reliefs will be introduced in the Finance Bill, individuals who make investment decisions do not know what to do. They have a six-month window of uncertainty about whether there will be any relief, and whether they should sell their business now if they have been thinking of retiring in the foreseeable future, or hang on. They do not know. It is characteristic of the muddle that is at the heart of the Government. I urge the Economic Secretary to encourage the Chancellor to publish his proposals on the reliefs as soon as possible—not to wait until the next Budget—so that people have time to understand where the Government's thinking is going and possibly to act on it.

I would like to talk finally about another area of muddle and confusion and its effect on the stability of the economy. Those of us on the Treasury Committee—there are a couple of its members present—had the benefit earlier this week of hearing Professor Buiter, one of the original members of the Monetary Policy Committee, give his views on the causes of the problems in the system that gave rise directly and indirectly to the terrible run on the bank, which the economy should never have suffered. He made it crystal clear that in his view, and in the view of other learned economists who have given evidence to us, the tripartite regulatory system that was established by the present Chancellor when he was Chief Secretary in 1997 is fundamentally flawed. There is no clarity as to who is responsible for taking the ultimate decisions that have to be taken.

Mr. Simon: To be clear, the professor did say that it works but that it did not work well. He mentioned one change: if the Bank were given some oversight of liquidity, it would work very well. It is not quite as bad as the hon. Gentleman is making out.

Mr. Dunne: The hon. Gentleman is being a little kind-hearted in his interpretation of what we heard. A number of criticisms were levelled against the system. Some aspects of the tripartite system did not work well, including the fact that no joint statement was made by the three components of the system. The professor specifically criticised the Chancellor and his predecessor, the Prime Minister, for dithering and not making an announcement to back up the proposals for the lender of last resort, with a deposit guarantee at the same time.

The hon. Gentleman will recall that the three-day interval was the main reason why the run took the time it took. Had a clear statement been made and had deposit protection been put in place at the same time as the lending facility was established, there would not have been a run on the bank. That shows that it is difficult in a tripartite system to have clarity as to who is in charge and who makes the decision. That system was set up by the Chancellor and his predecessor. Effectively, they have been fingered with some element of responsibility for that. It goes back to the issue that I was discussing earlier. When we look at competence in the stewardship of the economy, we have to face the fact that we have a set of senior Ministers in place who are presiding over muddle and confusion. I regret that that is the case, but that is the situation that we find ourselves in. I thank you for calling me, Madam Deputy Speaker.

6.29 pm

Chris Grayling (Epsom and Ewell) (Con): Is this really the best they can do—10 years after they played the song "Things can only get better" from every loudspeaker and battle bus around the country, 10 years after the Prime Minister stood up in this Chamber as

[Chris Grayling]

Chancellor of the Exchequer and promised action on investment, skills and employment opportunities, and 10 years after he stood at the Dispatch Box promising more to help the poorest pensioners? Unfortunately, this really is the best he can do, even though he has been planning for this moment all his life—he has had 13 years longer to prepare for it than he originally planned. He has built up networks of people and organisations to help him, from the Smith Institute to Deborah Mattinson. He set up policy teams in the Treasury to help him plan his agenda for the future and his move on No. 10. He shipped teams of advisers and speechwriters in from north America to help him. Never in the history of British politics has an aspiring Prime Minister been given so long to plan his agenda for Britain, and never in the history of British politics has so much work come to so little.

The right hon. Member for Oldham, West and Royton (Mr. Meacher) was absolutely right to say that his party still has a real need for a distinctive vision—although I must say that it is not the only party in the House without a distinctive vision, as today's Liberal Democrat amendment was so narrowly phrased that even its spokesman did not want to move it.

Mr. Simon: It is a bit rich of the hon. Gentleman to be telling us about distinctive visions when the shadow Chancellor did not mention a single one of his policies or a single aspect of the Conservatives' position, which is totally lacking in vision. Who are they to stand up and tell us about vision?

Chris Grayling: What a load of nonsense. My hon. Friend the Member for Tatton (Mr. Osborne) gave a whole series of policies and ideas, many of which the Chancellor pinched and put into his autumn statements.

Back in 1997, the current Prime Minister made his first Budget speech, in which he set out his priorities. He told us that,

"we must address the four weaknesses that have held us back for too long and for too many years: instability; under-investment; unemployment; and waste of talent."—[*Official Report*, 2 July 1997; Vol. 297, c. 303.]

Ten years and billions of pounds of spending later, the reality is rather different from the rhetoric. We have had the first run on a bank for 150 years. Personal and public sector borrowing is running out of control. Youth unemployment is higher than 10 years ago. The poorest pensioners are getting poorer. We have a higher proportion of children being brought up in workless households than any other country in Europe. As my hon. Friend the Member for Peterborough (Mr. Jackson) rightly pointed out, almost 5 million people in the country are stranded on benefits. Also, the proportion of British people in work is falling.

Whatever happened to the promises on skills and education, when one in five school leavers cannot even read or write properly? Whatever happened to the promises on investment and manufacturing when we continue to fall down the world competitiveness leagues, when employment in manufacturing continues to drop—as my hon. Friend the Member for Ludlow (Mr. Dunne) ably pointed out—and when the Government continue to bring forward ill-thought-out changes to taxation and regulation that make it increasingly difficult to do business in this country, as my hon. Friends the Members for Northampton, South (Mr. Binley) and for Preseli Pembrokeshire (Mr. Crabb) eloquently said? Whatever happened to that so-called man of principle who stood at the Dispatch Box in this very debate 11 years ago and railed against Conservative ideas on inheritance tax? He told us then that the Conservatives were putting the interests of the privileged few ahead of the interests of the many. I wonder how many of his friends imagined back then that, as Prime Minister, he would be so panicked by a Conservative announcement on inheritance tax that he would steal the policy and claim it for his own a matter of days later. I thought he might at least wait a few months so it did not look too obvious, but our Prime Minister is clearly not a man who does well when on the back foot.

It is interesting to look back at the Prime Minister's last speech from the Opposition Benches on a Loyal Address, which he gave just before the 1997 general election, and in which he set out all his flagship policies, demanded change and called in terms of skills for the introduction of a university for industry and for individual learning accounts—both subsequently introduced and both subsequently failed. Hundreds of millions of pounds of taxpayers' money were wasted. The hon. Member for Coventry, North-West (Mr. Robinson), a former Minister and colleague of the Prime Minister, said that the Government need to do better on skills.

In the same speech from the Prime Minister that I mentioned, a new national employment policy was called for to tackle the issue of workless households. That was, again, subsequently introduced and billions of pounds were spent on it, but 10 years later, nearly one household in five is workless and the number of children brought up in poverty is rising. The Prime Minister also had a new savings policy, which he said would channel investment, but 10 years later, we have another fiasco. Savings have collapsed, the number of people saving for retirement is down by 2 million and 125,000 people who took the trouble to save for their retirement have been left with a fraction of what they expected, as their funds were swept away by this Government's and this Prime Minister's great pensions disaster.

Mr. Heald: Does my hon. Friend agree that the attack on entrepreneurship is an attack on the nation's future? It affects issues such as future youth unemployment, and it is a disgrace that this Government are doing so little for the future of this country.

Chris Grayling: I agree with my hon. Friend. I find it extraordinary that a Chancellor who gives us so much talk about enterprise does the opposite when he puts into practice the policies in which he believes.

The absence of any measure in this Queen's Speech to help those 125,000 pensioners is one of the biggest blights on this set of proposals. Last summer, this Government sheltered behind the Parliament Act 1911 as they sank the pensions lifeboat, which Conservatives and hon. Members from both sides of this House sought to introduce to restore pensioners to a reasonable

level of income in retirement. Some people are living beyond retirement with a fraction of the income that they have been promised, some are struggling with serious illness, even having to carry on working while receiving treatment to make ends meet and some are faced with the prospect of selling their homes.

The Government's financial assistance scheme was supposed to provide such people with the help that they need. Instead, it has spent more on administration than it has paid out to pensioners, and even when it occasionally pays out money, it still offers them only a fraction of the money that they expected. In the past few months, the best that the Government have been able to offer these people is a review of the options. We are waiting with bated breath to see what Andrew Young recommends. I genuinely hope that he finds an easy solution to the problem and that this Government implement it quickly. If he does not, I say to Ministers, and to those pensioners, that we will bring back our proposals for the pensions lifeboat and we will carry on our fight to get them implemented. I have given a public commitment to implement those proposals within the first three months of the next Conservative Government, but now that the election has been postponed, those people cannot wait that long. They need help now. So let me say to a Government who are developing rather a habit of stealing ideas from the other side that they are welcome to take this one. I will personally gift wrap it and deliver it to their door if they will just get on with the job and give those pensioners the support that they need.

Of course, the pensions debate in this Session will be much broader than that. Over the coming months, we will debate the final elements of the Government's pension reforms, the package that they have put together in the wake of the Turner report. Let us be clear that reforms to our pensions system need to be long term and they need to be able to outlast changes in Government. That is why there has been such a focus on achieving consensus on the reforms. Conservatives want the reforms to work, but I am not prepared to abandon the need for a real debate about their detail in an attempt simply to defend the principle of consensus. The reality is that there are still problems with the reforms, and they must be sorted out in the process of debating the pensions Bill.

I have written to the Secretary of State setting out a number of concerns. The big unaddressed issue is how the package will sit alongside the system of means-testing that this Government have introduced over the past decade. The means-testing system for pensioners represents another of the Prime Minister's great U-turns, because in Opposition he railed against the idea of means-testing for pensioners and set himself the goal of eliminating it, but in Government he has established a process to draw more pensioners into means-testing than ever before. If the pensions Bill goes ahead without further modifications to how the system works, some people who save for retirement will derive no benefit from having done so.

Labour Members know full well that setting aside a few hundred pounds a year for retirement represents a big commitment for somebody earning £12,000 a year. For that person to reach retirement and discover that they have effectively lost their savings, because their income is no greater than it would have been had they simply waited for means-testing, cannot be right. We are happy to engage in a constructive debate with Ministers about how to deal with the problem. One option might be a system in which people are able to take back part of their contributions if they reach retirement and are still below the means-testing limits. Other organisations have suggested different routes, and we have seen suggestions in the past couple of days.

I want to see Ministers work through the options available and present them to the House so that we can debate the issue properly. If we do not deal with the problem now, when the Conservative Government we intend to form introduce the reforms in 2012, they will not work as well as they should. If some people are in danger of losing out, the story will be written whatever I say and whatever the Secretary of State says. The story will be written of people moving in and out of work or people who do not own their own homes putting aside money for retirement, reaching retirement age and seeing their friends who did not save getting exactly the same income in retirement.

In a society in which people have a propensity not to save, many will use that fact as an alibi for opting out. As a result, personal accounts may struggle to get off the ground. If that happens, the cost to future generations of taxpayers of pension provision is bound to rise. If the Government put their head in the sand on the issue, their successors will have a big price to pay. We have already seen one major pension reform—stakeholder pensions—fail to deliver what the Government promised. We cannot afford for that to happen again, which is why I will not shirk from challenging the Government over the flaws in their plans. It is why I will fight to ensure that the changes that are needed are put into place now. We should not have to wait for a change of Government to get it right.

Paul Farrelly (Lab) *rose—*

Rob Marris *rose—*

Hon. Members: Give way.

Chris Grayling: I give way to the hon. Member for Newcastle-under-Lyme (Paul Farrelly).

Paul Farrelly: I have listened carefully to the hon. Gentleman's litany, which implies that everything was rosy in Tory times. I remember 3 million unemployed; the monetarism-induced recession of the early 1980s; the stock market crash in 1987; the recession of the early 1990s; negative equity; and Black Wednesday. What I cannot remember in the 18 years of Tory rule are 10 years of uninterrupted economic growth. Can he tell us when they happened?

Chris Grayling: I am not sure whether that was an intervention or a speech, so I shall give way to the hon. Member for Wolverhampton, South-West (Rob Marris), in the hope that he has something constructive to say.

Rob Marris: The hon. Gentleman talks about reaching consensus, and I wish to press him on consensus on the financial assistance scheme. The Government have bailed out Northern Rock, for which

[Rob Marris]

they were not the guarantor of last resort, although they became so. I think that the Government should go 100 per cent. on the FAS, but the lifeboat scheme is not a good way to produce the funds to do so. I declare an interest, because my wife and I have an endowment policy with a company that will have excess funds. The lifeboat scheme would nick money from those excess funds, which could come to me, and give it to pensioners. I want a good deal for those pensioners, but the lifeboat scheme that the hon. Gentleman proposes is a deeply flawed way to achieve it. Let us have consensus on 100 per cent., but look at a different mechanism for funding it.

Chris Grayling: I accept the spirit of that intervention and I suggest that we work through the detail in Committee. I would be delighted if the Government would propose a different package that achieved the same goal. The issue is sorting out the pensioners, and how we do it can be a different creature—but let us at least do it.

The Queen's Speech was born of political expediency, not a vision for a better Britain. It was all about Gordon knows best, and not about the British people knowing best. Of course there are some things in it that we welcome, such as the support for youth projects, and the measures on climate change and deposit insurance. But too much of it is a rehash of the failed messages of the past 10 years. Indeed, Ministers sometimes appear to have forgotten just how long they have actually been in power. That is why we keep hearing them giving history lessons and trying to pass the buck back to the past. Do they not realise that there comes a time when Governments have to take responsibility when things do not work out? Do they not realise that the first-time voters of 2010 were five years old when they came to power? Do they not realise just how absurd they sound when they try to create alibis that are more than a decade old to excuse the waste and the failings of this Government?

Debates on the Loyal Address have always provided Oppositions with an opportunity to lay bare the failings of a dying Government. In the debate on the same subject 11 years ago, the present Prime Minister stood at the Dispatch Box and laid into his opponents. I wonder whether he could ever have realised how appropriate his words would prove to be when repeated by his future opponents to describe the failings of his exhausted Government. He said:

"The Queen's Speech shows that, whether it is education, law and order or the economy, none of the problems that the country faces can be solved by the Government. Problems will be camouflaged, disguised, made the subject of U-turns, and exploited for narrow party political ends. The Government may even try to throw money at them, but they will never solve the fundamental problems. No amount of propaganda, no Saatchi and Saatchi billboard campaigns, no selective use of statistics and no U-turns could disguise the fact that the Government offer the country only drift, which is damaging our national interests. They no longer have any purpose or direction in solving the problems we face.

Nothing now can be sorted out by these men and women...They should do now what they should have done long ago: they should put their record of failure before the British people, and face a general election which they will lose."—[*Official Report*, 30 October 1996; Vol. 284, c. 668-69.]

6.45 pm

The Secretary of State for Work and Pensions (Mr. Peter Hain): The hon. Member for Epsom and Ewell (Chris Grayling) made a speech of typical bluster, uncosted spending commitments and what sounded suspiciously like an intention to vote against the pensions Bill and to abolish pension credit.

First, I congratulate my right hon. Friend the Member for Sheffield, Central (Mr. Caborn) on moving the Loyal Address. He made a typically pugnacious and witty speech, such as we have come to expect from him.

After five days of debate on the Queen's Speech, the Opposition have tried desperately to assert that they would be so much better in government next time than they were last time. Yes, last time they allowed inflation to reach 9.5 per cent. They raised interest rates to a full 15 per cent. They managed to push the claimant count up to 3 million. They tripled the numbers of those on incapacity benefit and cemented the sick note into the foundations of the British economy. They left one in three children in poverty, which was the worst of almost every industrialised country. They left 1 million more pensioners in relative poverty than there are today. However, that was then. The Opposition promise that they will be better now. They will not, because they cannot. Fundamentally, they have not changed because they cannot. They are still peddling uncosted promises to spend more and tax less, magically all at once. Those are the same old failed policies all over again: boom and bust is in the Tory DNA.

Only Labour recognises the long-term challenges facing the country, and only Labour has set the policies to meet them. They are policies of economic stability to produce unprecedented year-on-year economic growth, to anchor inflation at 2 per cent. and to produce the lowest mortgage rates since the 1950s. Those policies have put 29.2 million people in work, more than ever before, with 2.8 million more people in jobs than in 1997. They have caused the number of those on jobseeker's allowance and the number of lone parents on income support to come down. For the first time in two decades, the number of those on incapacity benefit has fallen. One million claimants have come off key out-of-work benefits since 1997 and more are coming off benefit and going into work every day.

That shows concrete, credible Labour success against Tory failure in the past and shallow Tory spin today. For the first time, we can aim at genuine full employment, defined not just by low unemployment but by high employment based on radical reductions in the benefit mountain that we inherited from the Tories. Yes, there will be thousands more opportunities for British benefit claimants to become British workers by taking British jobs.

I welcome the speech made by the hon. Member for Falmouth and Camborne (Julia Goldsworthy), perhaps her first in her position. I have to point out, gently, that her speech was mainly distinguished by being pole-axed by my hon. Friend the Member for Vale of Clwyd (Chris Ruane), whose question she completely failed to answer. I wonder whether her critique of means-testing means that she is opposed to the pension credit. I caution the hon. Lady about advocating a local income

tax as it completely stymied her colleague, the former Member for Guildford, who unsuccessfully advocated that policy against the Tories at the last election.

I thank my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher) for his praise for a "good" Queen's Speech, as he called it—after making a number of other points.

I was interested in the contribution of the hon. Member for Stratford-on-Avon (Mr. Maples), especially his interesting points about Northern Rock. He said that he had a lot of sympathy with my right hon. Friend the Chancellor and with the Governor of the Bank of England, not least because the hon. Gentleman is one of the few Members to have gone through a similar experience, when he was in government in the 1990s. His speech contrasted starkly with the glib opportunism and shallowness of the shadow Chancellor whose posturing attacks over Northern Rock have cut absolutely no ice in the City or with the electorate.

Mr. Redwood: Will the Secretary of State clear up something that the Chancellor was unable to explain earlier? Where did the £23 billion come from that the Government's wholly owned subsidiary, the Bank of England, was able to produce, and how will it be accounted for in the Government accounts?

Mr. Hain: The Chancellor explained the position—it comes from the Bank of England.

My hon. Friend the Member for Coventry, North-West (Mr. Robinson) made some points about the importance of skills and apprenticeships. He was absolutely spot-on when he said that we need a major cultural shift to make sure that vocational qualifications have the same status as academic ones. The Government completely agree.

The hon. Member for Eastbourne (Mr. Waterson) spoke from the Back Benches, although he has now resumed his place on the Front Bench. He made a thoughtful speech about pensions. He said that he favoured consensus but he would not give the Government a blank cheque. That is a fair point. His comments contrasted with the headline-grabbing rhetoric of his colleague, the hon. Member for Epsom and Ewell. I am grateful to the hon. Member for Eastbourne for his supportive comments on the deregulatory review. As he says, we need a secure future for defined benefit schemes.

My hon. Friend the Member for Worsley (Barbara Keeley) was rightly concerned about gender segregation. She referred to the problems in apprenticeships, where young girls are encouraged to go for hairdressing rather than taking greater opportunities for higher-paying jobs such as plumbing or engineering.

I compliment my hon. Friend the Member for South Derbyshire (Mr. Todd) on his well-informed points about risk-based understanding of regulation. My hon. Friend the Member for Bassetlaw (John Mann) made a devastating exposure of mistaken Tory criticism of Labour Budgets and policies, to which the shadow Chancellor should have listened, had he been in the Chamber. My hon. Friend speaks with real authority on the problems of drugs and welfare dependency, and our legacy from 18 years of miserable Tory rule.

When the hon. Member for Preseli Pembrokeshire (Mr. Crabb) spoke about his constituency, it was completely unrecognisable. I remember Pembrokeshire during the early 1990s. I remember an economy devastated by Conservative policies, but it has now been rescued and Pembrokeshire is one of the best-performing small business areas anywhere in the UK.

My hon. Friend the Member for Northampton, North (Ms Keeble) made some good points about 16 and 17-year-olds in the NEET category—not in education, employment or training. That is why we have announced a fast-track programme to get 16, 17 and 18-year-old youngsters into jobs or job preparation schemes as soon as possible.

On youth unemployment, the claimant count for 18 to 24-year-olds has gone down by 146,000 since we came to power. I remember the massive mountain of young people with no hope of a job under the Tories. We have put that right.

The hon. Members for Northampton, South (Mr. Binley) and for Ludlow (Mr. Dunne) made a number of points about capital gains tax. At 18 per cent. we have one of the lowest rates of capital gains tax anywhere in the world; it is very competitive and half the headline rate we inherited from the Tories.

Whereas the Tories stand for injustice and tax cuts for a few super-rich, the Government stand for social justice and fair taxes for all. Nowhere is the dividing line between Labour justice and Tory injustice starker than on welfare reform. Where our policies are the envy of the world, the Tories are now promising to import the failed American model of Wisconsin—as was advocated by the hon. Members for Epsom and Ewell and for Peterborough (Mr. Jackson)—where welfare reform had lone mothers working or training when their children were 12 weeks old. The Wisconsin model of welfare reform resulted in rising poverty and had a worryingly disproportionate impact on black and Hispanic communities. The Wisconsin model was also plagued by fraud, which shovelled thousands on to long-term sick and disability benefits and delivered a real reduction in benefit claimants of only 15 per cent.—a smaller reduction than we have delivered as a Labour Government since 1997. The Tories can have Wisconsin. We will stick by our commitment to full employment and reducing benefit dependency, while eradicating child poverty by 2020.

We will also stick by our commitment to justice for pensioners, including those robbed of their pensions, with assistance under the finance assistance scheme. Given the challenge of an ageing society, we are committed to a new pensions settlement that will last for future generations. We have already introduced changes to reform and simplify the state pensions system, re-linking the state pension with earnings to limit means-testing and securing justice in pensions for women and carers. Now, through the pensions Bill, we will introduce a new system of low-cost personal accounts for millions of people currently without a workplace pension, with employers auto-enrolling workers into workplace pensions and a minimum compulsory employer contribution.

If this new settlement is to last, it must be based on a broad consensus, encompassing individuals, employers and the Government and spanning the party political divide. Yet just as everyone thought that that consensus had been won, the hon. Member for Epsom and Ewell broke with the position advocated by his predecessor and declared that he is willing to wreck that consensus,

[Mr. Hain]

thus risking misery for the 7 million people who are currently not saving enough. His position has caused widespread dismay, from the TUC to Age Concern, Help the Aged, the Equality and Human Rights Commission, the National Association of Pension Funds, the Engineering Employers Federation and the CBI. As they all recognise, that consensus

"has been hard won, and should not lightly be thrown away."

I urge the hon. Gentleman to reconsider his position.

Chris Grayling: Will the right hon. Gentleman give way?

Mr. Hain: I do not have time.

It is becoming increasingly clear that the Conservative party has been reverting to type on a whole range of issues. The right hon. Member for Witney (Mr. Cameron) is articulate, but I fear that the former prospective Tory Member for Halesowen and Rowley Regis is authentic. We should not be surprised. They have not changed. Under the Cameron respray are the same old Tories, handing £1 billion of inheritance tax savings to a handful of the super-rich, while taking the dubious, dodgy millions from Lord Ashcroft to try to buy votes in marginal seats.

We are the Government of change: change for a Britain of rising prosperity, more social justice and rock-solid economic stability, with better pensions, more houses, secure energy, higher employment, a boost for youth services funding and being tough on security, replacing a failed Tory Child Support Agency and giving new opportunities to 16 and 17-year-olds to remain in education until they reach the age of 18, go into full-time training or employment. All those opportunities and more were provided by the policies set out in the Queen's Speech. We are the Government who are putting forward a series of major reforms and changes that we will take forward in the coming parliamentary Session. The Queen's Speech sets us on that path for change, and I commend it to the House.

Question put, That the amendment be made:—

The House divided: Ayes 240, Noes 309.

Division No. 2] **[6.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Bercow, John
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie

Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Sanders, Mr. Adrian
Scott, Mr. Lee
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. Crispin Blunt and Mr. Richard Benyon

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica

Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Bob Blizzard and Mr. Dave Watts

Question accordingly negatived.

Amendment proposed, at the end of the Question, to add:

"but humbly regret that the Gracious Speech fails to announce proposals for a referendum on the United Kingdom's continued membership of the European Union."—*[Dr. Cable.]*

Question put forthwith, pursuant to Standing Order No. 33 (Calling of amendments at end of debate), That the amendment be made:—

The House divided: Ayes 68, Noes 464.

Division No. 3] **[7.14 pm**

AYES

Alexander, Danny
Baker, Norman
Barrett, John
Beith, rh Mr. Alan
Bone, Mr. Peter
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Bruce, rh Malcolm
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Clegg, Mr. Nick
Davey, Mr. Edward
Davies, Philip
Donaldson, rh Mr. Jeffrey M.
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Hollobone, Mr. Philip
Holmes, Paul
Horwood, Martin
Howarth, David
Huhne, Chris
Hunter, Mark
Keetch, Mr. Paul
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
McCrea, Dr. William
Moore, Mr. Michael
Mulholland, Greg
Oaten, Mr. Mark
Öpik, Lembit
Pugh, Dr. John
Reid, Mr. Alan
Rennie, Willie
Rowen, Paul
Sanders, Mr. Adrian
Shepherd, Mr. Richard
Simpson, David
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Webb, Steve
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Sammy

Tellers for the Ayes:
Dan Rogerson and Mr. Jeremy Browne

NOES

Afriyie, Adam
Ainger, Nick
Ainsworth, Mr. Bob
Ainsworth, Mr. Peter
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Amess, Mr. David
Anderson, Mr. David
Anderson, Janet
Arbuthnot, rh Mr. James
Armstrong, rh Hilary
Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Austin, John
Bacon, Mr. Richard
Bailey, Mr. Adrian
Baird, Vera
Baldry, Tony
Balls, rh Ed
Banks, Gordon
Barker, Gregory
Barlow, Ms Celia
Baron, Mr. John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bellingham, Mr. Henry
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Blunt, Mr. Crispin
Borrow, Mr. David S.
Boswell, Mr. Tim
Bradshaw, Mr. Ben
Brady, Mr. Graham
Brazier, Mr. Julian
Brennan, Kevin
Brokenshire, James
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browning, Angela
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burrowes, Mr. David
Burt, Alistair
Butler, Ms Dawn
Butterfill, Sir John
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Cameron, rh Mr. David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clappison, Mr. James
Clark, Greg

Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Kenneth
Clarke, rh Mr. Tom
Cleiland, Mr. David
Clifton-Brown, Mr. Geoffrey
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Conway, Derek
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curry, rh Mr. David
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davis, rh David *(Haltemprice and Howden)*
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Djanogly, Mr. Jonathan
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Dowd, Jim
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Engel, Natascha
Ennis, Jeff
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farrelly, Paul
Field, rh Mr. Frank
Field, Mr. Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Fox, Dr. Liam
Francis, Dr. Hywel
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Gardiner, Barry
Garnier, Mr. Edward
Gauke, Mr. David
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gibson, Dr. Ian
Gillan, Mrs. Cheryl
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Goodman, Mr. Paul
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hague, rh Mr. William
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harper, Mr. Mark
Harris, Mr. Tom
Havard, Mr. Dai
Heald, Mr. Oliver
Healey, John
Heathcoat-Amory, rh Mr. David
Hendrick, Mr. Mark
Hendry, Charles
Hepburn, Mr. Stephen
Heppell, Mr. John
Herbert, Nick
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hoban, Mr. Mark
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, rh Mr. George
Howarth, Mr. Gerald
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hurd, Mr. Nick
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Mr. Stewart
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Mr. Boris
Johnson, Ms Diana R.
Jones, Mr. David
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Kawczynski, Daniel
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Key, Robert
Khan, Mr. Sadiq
Kidney, Mr. David
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Lewin, rh Mr. Oliver
Levitt, Tom
Lewis, Mr. Ivan
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Linton, Martin
Lloyd, Tony
Loughton, Tim
Love, Mr. Andrew
Lucas, Ian
Luff, Peter
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Maclean, rh David
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malins, Mr. Humfrey
Mallaber, Judy
Mann, John
Maples, Mr. John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Mercer, Patrick
Merron, Gillian
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Moss, Mr. Malcolm
Mudie, Mr. George
Mullin, Mr. Chris
Mundell, David
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Neill, Robert
Newmark, Mr. Brooks
Norris, Dan
O'Brien, Mr. Mike
O'Brien, Mr. Stephen
Oiner, Mr. Bill
Osborne, Mr. George
Ottaway, Richard
Owen, Albert
Paice, Mr. James
Palmer, Dr. Nick
Paterson, Mr. Owen
Pearson, Ian
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prisk, Mr. Mark
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Randall, Mr. John

Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Rifkind, rh Sir Malcolm
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, John
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Rosindell, Andrew
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Scott, Mr. Lee
Seabeck, Alison
Shapps, Grant
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simmonds, Mark
Simon, Mr. Siôn
Simpson, Alan
Simpson, Mr. Keith
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soames, Mr. Nicholas
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Starkey, Dr. Phyllis
Steen, Mr. Anthony
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Streeter, Mr. Gary
Stringer, Graham
Stuart, Mr. Graham
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Syms, Mr. Robert
Taylor, Ms Dari
Taylor, Mr. Ian
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Tredinnick, David
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Andrew
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Tyrie, Mr. Andrew
Ussher, Kitty
Vara, Mr. Shailesh
Vaz, rh Keith
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waltho, Lynda
Ward, Claire
Waterson, Mr. Nigel
Watkinson, Angela
Watson, Mr. Tom
Weir, Mr. Mike
Whitehead, Dr. Alan
Whittingdale, Mr. John
Wicks, Malcolm
Wiggin, Bill
Willetts, Mr. David
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Wilson, Mr. Rob
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Wyatt, Derek
Young, rh Sir George

Tellers for the Noes:
Mr. Bob Blizzard and Mr. Dave Watts

Question accordingly negatived.

Main Question put:—

The House divided: Ayes 304, Noes 234.

Division No. 4] **[7.29 pm**

AYES

Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Elliman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn

Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Bob Blizzard and Mr. Dave Watts

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Bercow, John
Binley, Mr. Brian
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui

Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Sanders, Mr. Adrian
Scott, Mr. Lee
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Tellers for the Noes:
Mr. Richard Benyon and Mr. Crispin Blunt

Question accordingly agreed to.

Resolved,

That an humble Address be presented to Her Majesty, as follows:

Most Gracious Sovereign.

We, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom of Great Britain and Northern Ireland in Parliament assembled, beg leave to offer our humble thanks to Your Majesty for the Gracious Speech which Your Majesty has addressed to both Houses of Parliament.

To be presented by Privy Councillors or Members of Her Majesty's Household.

BUSINESS OF THE HOUSE

Ordered,

That Private Members' Bills shall have precedence over Government business on 25th January; 1st, 22nd and 29th February; 7th and 14th March; 25th April; 9th and 16th May; 6th, 13th and 20th June and 17th October 2008.—*[Tony Cunningham.]*

DELEGATED LEGISLATION

Ordered,

That the Guidance issued under section 182 of the Licensing Act 2003, which was laid before this House on 28th June, in the last Session of Parliament, be referred to a Delegated Legislation Committee.—*[Tony Cunningham.]*

Mike Penning (Hemel Hempstead) (Con): On a point of order, Mr. Speaker, which I informed the Chair earlier that I would raise. On today's Order Paper are four written ministerial statements that the Government indicated they would lay before the House. Two appeared in the Vote Office at about 1 pm, but the other two have failed to appear there.

I understand that all four statements are available in the Press Gallery. While I fully appreciate that Her Majesty's press should see ministerial statements, surely they should be available to the House. I realise that they are valuable in the Library, but how can it be right for the Vote Office to have only two of them, given that they concern important subjects such as aviation security and flood recovery? I wonder whether you could advise me, Mr. Speaker, on how the House could arrange for all the statements to be delivered to the Vote Office.

Mr. Speaker: I thank the hon. Gentleman for giving me notice of his point of order.

My information is that all four ministerial statements were available in the Library shortly after 1 pm. That is well within the guidelines for written ministerial statements. If the hon. Gentleman's complaint is that two of the statements were not available in the Vote Office, I suggest that he take the matter up with the Leader of the House. She is on call tomorrow, and perhaps I will catch his eye.

PETITION

Post Office Closures (Nottingham)

7.42 pm

Mr. John Heppell (Nottingham, East) (Lab): I beg leave to present the petition of Rebecca Anderson on behalf of the customers of Carrington post office, Nottingham. They are my constituents, who are surprised that the selection criteria for post office branches should mean that a popular, profitable and highly performing branch should be selected for closure, especially when there is no realistic alternative.

The petition states:

The Petition of Rebecca Anderson on behalf of the customers of Carrington Post Office, Nottingham,

Declares that the selection criteria of Post Office branches that are proposed for closure have not taken into account the economic and social impact these closures will effect. This has

resulted in one of the top 25 performing branches in the Nottingham area being proposed for closure. Each proposed branch should be comprehensively and accurately assessed. The Petitioners have evidence that this has not been done so far.

The Petitioners therefore request that the House of Commons urge the Government to review the restructuring process with Post Office Ltd with a view to protecting commercially viable branches from being closed; and further urge the Government to ask Post Office Ltd to enter in public meetings where these are requested by the local communities.

And the Petitioners remain, etc.

[P000050]

HM Submarine Affray

Motion made, and Question proposed, That this House do now adjourn.—*[Tony Cunningham.]*

7.43 pm

John McDonnell (Hayes and Harlington) (Lab): The story of the tragedy of Her Majesty's submarine Affray begins on 16 April 1951, when she made her way into the English channel with 75 officers and ratings on board, dived, and never again resurfaced. To this day questions remain about why the Affray was lost. Not knowing what happens still lies heavily on the surviving families of her crew, who bear to this day, 56 years later, the sadness and sense of loss suffered when their loved ones failed to return home.

One of those families was that of Able Seaman George—known as Ginger—Leakey, who lived in the Hayes constituency. He joined the Royal Navy in 1945 and a year later volunteered to serve on submarines. It is a tragic irony that he was never meant to sail on the Affray that day. He was on official shore leave visiting his wife Eileen who was expecting their second child. However, he received an urgent telegram summoning him back to his boat as another member of the crew had been judged unfit to serve. The daughter whom Able Seaman Leakey would never see is my constituent, Mrs. Georgina Gander, who has joined us in Parliament today to witness this evening's debate.

The purpose of the debate is to seek answers to the questions that Mrs. Gander and others still ask about the reasons for the loss of the Affray. She and I are indebted to the research undertaken by the journalist and author Alan Gallop, whose research into this incident has recently been published in the book "Subsmash".

HM Submarine Affray was an A-class submarine completed by Cammell Laird for the Royal Navy and accepted into service in May 1946. The A-class subs were built for service in distant conflicts such as the far east. They could dive to a depth of 500 ft and deeper if necessary without risk of their hull collapsing. They accommodated a crew of up to 61 in peacetime and 66 in wartime conditions.

From the outset it appears from the records that the Affray was beset with mechanical problems that disrupted her service, including a battery that flooded without warning during trials, a further new battery being required four months after the Affray's being accepted into service, defects in a starboard supercharger and air compressor when en route to Australia, excessive wear found to the astern bushes requiring work in dock in Sydney and Colombo, and a partial refit needed in Singapore.

By 1950, the submarine had sailed 51,000 miles across the globe. She has been described as an exhausted boat, badly in need of substantial repairs. On 8 May 1950, she entered Portsmouth dockyard for a major refit. During the period in Portsmouth, experienced crew expressed serious concerns about the Affray's mechanical and structural condition. Chief Petty Officer David Bennington wrote to his father:

"As far as I can see these engines have had their time...I shouldn't be surprised if this boat pays off and went into reserve."

After one exercise he describes how

"one engine fell over"—

[John McDonnell]

that is, broke down—

"and we limped in on one and just as we arrived in the other one went...I think that this boat is just about finished."

Another time he wrote:

"She leaks like a sieve and when doing a deep dive the other day the water poured into the engine room faster than we could keep it out, so we had to surface with all speed."

In January 1950, a snort mast was fitted to the Affray. That device was a long steel tube fitted to the hull serving as a snorkel which when raised allowed the submarine to increase the amount of time it could remain under water. The mast had a head valve at its top to prevent the entry of sea water when raised and a large valve where that induction system entered the sub's engine room. Leading stoker mechanic William Day was responsible for raising and lowering the snort mast. He listed defects encountered on exercise, saying that

"as soon as we surfaced from snorting there was always a lot of water in the engine."

During the refit at Portsmouth there were reported hostilities between the non-naval staff working on the sub and service personnel, and repair and maintenance work took longer than expected. There were excessive delays. During that time, oil was also found to be leaking into a battery tank.

During that period, Lieutenant Commander John Blackburn was given command of the Affray in January 1951. He received orders on 3 April that his sub would put to sea at 1700 hours on Monday 16 April for a week-long practice war patrol in the English channel. The exercise was code-named Exercise Training Spring. The aim of the exercise was to provide trainee executive and executive officers with submarine experience at sea under wartime conditions. The sub would also carry a small number of commando cadets from the Royal Marine amphibious school at Eastney.

The crew of the Affray worked long hours to overcome engine problems and to prepare the sub for sea by that deadline. Nevertheless, there were still concerns about its seaworthiness. First Officer Lieutenant Derek Foster shared his fears with his wife. She reported later:

"He said he didn't want to go to sea on Monday as the submarine wasn't seaworthy."

Despite that, on 10 April the submarine was given an updated safety certificate and ordered to sea on 11 April to test its main engines. Only half the crew were taking part, with a further 10 drawn from reserve or spare crews. No defects were found after four hours at sea, except that the yellow indicator buoy which floats to the surface as a marker in the even of sinking had come adrift. Its hatch was later secured with wire. Doubts still continued about the seaworthiness of the sub. Sergeant Jack Andrews, one of the Marines who were to be the passengers on the Affray, expressed to his brother the night before sailing that he was far from happy about taking passage on it.

A crew of 85 officers and ratings were summoned to join the Affray on Monday 16 April, 23 more than normally carried in peacetime. Twenty-five of them joined the boat for the first time. They had no experience of working together. Thirteen ratings were then discharged because of shortage of space. Able Seaman Edward Hickman, a member of the Affray's crew, commented of the crew:

"90 per cent. knew nothing about the boat. The old crew came off and it was more or less a new crew that was preparing to take her out."

At 1700 hours on 16 April the Affray slipped its mooring and headed for the English channel. It was last sighted near the entrance to Portsmouth harbour passing south-easterly. At 2056 hours its captain signalled that he was diving at 2115 hours for Exercise Training Spring. That was the last signal received from the Affray.

The sub was due to send an on-the-surface signal the following morning—17 April—between 0800 hours and 10 am. By 10.40 am, nothing had been received and at 10.45 am Captain Brown of the Submarine Flotilla alerted his flag-officer, Rear-Admiral Sidney Raw, about his anxiety for the boat's safety. Initially, it was thought that the sub was experiencing a radio transmitter problem, but by 1100 hours Rear-Admiral Raw transmitted an urgent message—Subsmash One—indicating that the safety of the Affray was in doubt. That was an immediate call to action, signalling ships and aircraft to begin the search for the Affray.

Repeated emergency signals were sent to the Affray, but with no response. By 1255 hours every ship in the home fleet flotilla had been summoned to join the air and sea search, including the Reclaim, which was the Navy's only deep-diving and submarine rescue vessel. Foreign ships also joined to assist in the search for the Affray.

At 2155 hours the submarine Sirdar reported that it had picked up faint signals on its ASDIC sonar listening device in the vicinity of the Affray's diving position. Hopes were raised, but they were soon dashed when no response was received from charges sent overboard to encourage any survivors to attempt escape—that was the normal procedure for signalling that ships were ready to lift any escapees from the water. The search went on, and James Callaghan—then Parliamentary Secretary to the Admiralty, and later Prime Minister—reported to this House that over 40 surface ships and seven submarines were taking part, but with no success.

At 1945 hours on Thursday 19 April, 69 hours after the Affray had dived for the last time, the emergency signal Subsmash was cancelled. Rear-Admiral Raw said in a message to the Admiralty:

"The disappearance of HMS Affray is a complete mystery...not a trace of her was sighted...The cause of the disaster must have been an accident; it could not have resulted from any inherent defect in material or design."

A limited search continued and eventually, in June, after a sweep of the sea bottom with sonar equipment and with the use of a newly invented underwater television device, the sub was found a considerable distance from where earlier soundings had identified, in an area that had been swept earlier in the initial search and rescue. All the visual evidence pointed to the fact that whatever happened to the Affray occurred very quickly, taking her crew by surprise. The snort mast was snapped off. Divers eventually raised the broken snort mast from the sea bed.

A board of inquiry set up by the Navy to investigate the loss of the Affray heard evidence that the snapping of the snort mask resulted from metal fatigue and poor

welding. The inquiry was held in secret and its papers were released only under the 30-year rule. The board followed closely the conclusions already reached by the Admiralty's First Sea Lord and Commander-in-Chief, dismissing other theories of mechanical failure, or human or drill error.

The snort mast theory could have been proved by ascertaining whether there had been an attempt to shut off the induction valve fitted at the point where the snort entered the hull. If that was shut, the snort would not be responsible and another cause would need to be considered, possibly internal explosion. However, the site of the boat was inaccessible, and with the boat shifting it was thought too dangerous for divers to inspect.

Doubts quickly began to emerge within the Admiralty about the snort mast theory. Some officers thought that the board had closed its eyes too quickly to other possible causes and that the theory could not be reconciled with the lack of assessed external damage to the hull of the sub. The failure to allow for the working up training of the crew pointed to a possible drill failure. Why any material failure should occur as it did was also not explained. Discussion took place with the Minister concerned over whether the sub should be raised, but that was dismissed as too difficult and costly. It was stated in Parliament that the relatives unanimously did not want the sub disturbed, but relatives later confirmed that they had never been consulted on the matter.

In November 1951, in a statement to Parliament, James Thomas, the then new First Lord of the Admiralty, concluded:

"there is insufficient evidence to enable me to say...why 'Affray' was lost."—[*Official Report*, 14 November 1951; Vol. 493, c. 980.]

He explained the snort theory and the possibility of a major battery explosion, which could also have been linked to a crack in the snort mast. He confirmed that the risk of failure precluded attempts to raise the sub.

The Navy, using HMS Reclaim's divers, attempted various methods to check the snort theory, including the use of what were, at that time, primitive X-ray devices, but with no success. Continuing concerns were expressed in the Admiralty about why the Affray was sent to sea with a crew that had not been given time for working up after a protracted refit. We now know that a letter marked private and confidential was issued to Captain Hugh Browne, captain of the 5th Submarine Flotilla, which stated:

"you made an error of judgement in sailing Affray with a training crew and folboat party embarked on a training patrol before she had been given the opportunity for the working up which was clearly desirable after her protracted refit and the many changes in her crew."

This letter was never made public at the time, and has been discovered only recently.

The Navy then closed its file on the Affray. Nobody took responsibility for allowing the Affray to put to sea in circumstances considered by naval staff to have been unacceptable. However, for more than 50 years questions over the Affray have not gone away, especially for the remaining relatives. The central question, of course, is why was the Affray lost. The snort mast failure theory could be resolved using today's technology to examine the sunken sub in order to determine whether the valve at the base of the snort mast was in an open or closed position. However, in 2001, the Government designated the Affray as a protected site and announced a ban on diving in order to protect the Affray and other sunken ships from disturbance by trophy hunters—that measure was supported by all across the House. Nevertheless, exceptions have been made, to enable the recovery of bullion from HMS Sussex, for example. Mounting an official dive on Affray could assist in shedding light on what happened to the boat and help in providing closure for the remaining relatives.

A disaster appeal was launched at the time of the loss of the sub by the mayors of Portsmouth and Gosport and it gained huge support across the country and raised more than £170,000 for the relatives of the crew. That has been disbursed over the years in supporting the families. The HM Submarine Affray disaster relief fund trust remains active, but it is not publicly known how much is left in the fund and all queries to the trustees are referred to the Official Solicitor at the Public Trustee Office. No information has been forthcoming. The few remaining relatives still receive very small amounts of financial support. It is their view that any funds left should now be distributed to the relatives for whom they were originally intended and/or given to naval charities for similar deserving cases.

I have raised several issues in this debate to which it is clearly beyond the ability of a Minister to respond in a brief, time-limited Adjournment debate. I ask the Minister, therefore, if he would agree to meet me, other interested hon. Members and the Affray relatives so that we can discuss the issues, allow the relatives to express their views and examine whether we can seek further evidence to determine what happened to those who lost their lives on board Affray. In my view, we owe nothing less to the memory of those who lost their lives so tragically in the service of their country.

8.1 pm

The Minister for the Armed Forces (Mr. Bob Ainsworth): I congratulate my hon. Friend the Member for Hayes and Harlington (John McDonnell) on securing this debate on the loss of HMS Affray in April 1951, and I acknowledge his concerns for his constituent who lost her father in that tragedy.

As my hon. Friend said, HM Submarine Affray was an A-class submarine completed in 1946. The class had originally been designed for operations in the far east during the latter part of the second world war. The submarine used a diesel-electric power plant, with diesel engines being used for surface propulsion and charging of the batteries. The batteries powered electric motors for underwater propulsion.

Some time after completion, Affray was fitted with a snort mast. That was a tube whose head was above water permitting the submarine to run its diesel engines while at periscope depth, reducing the chances of it being detected by surface ships or from the air.

On 16 April 1951, Affray left Gosport on a training exercise. As well as most of her normal crew, she was carrying a training class of officers and some Royal Marines in training. My hon. Friend referred to that issue. While the captain was censured for allowing Affray to sail with officers under training and Royal Marines on board, there was no evidence that the crew

[Mr. Bob Ainsworth]

was inexperienced in submarine operations. The judge of whether a ship is safe to go to sea has to be the commanding officer. In that case, he was an experienced and decorated submariner and the captain of the 5th Submarine Flotilla.

The submarine was scheduled to carry out a series of exercises. She was scheduled to make a surfacing report by radio at 1000 hours on 17 April. That signal was not received and consequently Operation Subsmash was ordered in accordance with standard submarine search and rescue procedure. That began at 1100 hours on the same day. Over the next few days, many ships and aircraft were involved in the search for Affray, to no effect.

Some weeks later, the wreck was detected and identified north of the Channel islands, lying in 260 ft of water. In the succeeding months, the diving tender HMS Reclaim dived on the wreck in an attempt to discover the reasons for her loss. One of the discoveries made was that the Affray's snort mast had broken off and that that might be connected to her loss.

A board of inquiry was convened under the presidency of Rear-Admiral R. M. Dick. It presented its interim finding to the Commander-in-Chief, Portsmouth, Admiral Sir Arthur Power, on 19 July 1951. He forwarded that finding to the First Sea Lord, Admiral of the Fleet Lord Fraser, on the same day.

The board considered a number of possible causes for the loss, including battery explosion, material failures, operating errors, mines and collision. Of these, material failure was considered the most likely immediate cause.

The board of inquiry therefore concluded, with the reservation that

"certain technical evidence and calculations will need further checking",

that the submarine was lost due to the sudden snapping of the snort mast. It determined that that was caused by a material failure resulting from the mast's brittle condition, that the submarine was overwhelmed by the resultant rapid flooding, and that death would have come very quickly to the crew.

The Board of Admiralty signalled the Commander-in-Chief, Portsmouth, on 24 July that it was by no means as certain of the cause of the loss. It asked that further diving work be carried out on the wreck to try and establish why the Affray went down. Further efforts were made but, even so, no firm conclusions could be reached and diving was abandoned in early November 1951.

John McDonnell: I thank my right hon. Friend for giving way, but I should like to put it on the record that the error of judgment identified by Captain Hugh Browne was never reported by the board of inquiry to Ministers, and then on to this House.

Mr. Ainsworth: I am not sure what my hon. Friend means by his reference to an error of judgment. Perhaps we need to talk about that matter outside the House.

A particular point to which the investigations were directed was to ascertain the position of the snort induction valve since, as my hon. Friend pointed out, that would have confirmed whether the Affray was actually using the snort mast at the time of the accident.

Meanwhile, the board of inquiry made its final report on 6 August 1951, and its conclusions were broadly similar to those of the interim inquiry. The report found that the submarine was lost because of the material failure of the snort mast, which broke off without warning. The resultant rapid influx of water resulted in the submarine dipping markedly by the stern, becoming increasingly heavy and sinking to the bottom.

The board of inquiry report stated that the rapidity of events did not allow the release of position indication signals. It believed that the crew died rapidly, that the submarine was materially sound and that the crew had confidence in her and her captain. Finally, the report stated that the search organisation was rapidly and energetically implemented.

On 14 November 1951, the First Lord of the Admiralty—Mr. J.P.L. Thomas, the then political head of the Royal Navy—made a statement to the House. He noted that there was no certainty as to the reasons for the loss of the Affray, although the broken snort mast might be either cause or consequence. He also stated that any attempted salvage of the Affray would take up large resources, that it might not be successful and that it would put other lives at risk. He said that he had therefore decided that no such attempt should be made. An obvious consequence of that was that any recovery of bodies could not be prudently undertaken.

I am aware of the recently published book about the loss of the Affray, and of the suggestions that it makes. A study of those suggestions has been carried out by the naval historical branch, and it has been concluded that there is no reason to disagree with the findings of the board of inquiry.

One suggestion made in the book is that somehow there was collusion between the First Sea Lord and the Commander-in-Chief, Portsmouth, while the board was still sitting. The contention is that those individuals had decided to find that the loss was due entirely to the fractured snort mast and that the outcome of that collusion was relayed to the board. However, that directly contradicts the doubt expressed by those same people about the reasons for the tragic accident, and the fact that they ordered further diving to be carried out in an attempt to ascertain more information. The allegation of collusion does not stand up and there appears to be no documentary evidence that such collusion took place.

In 2002, the remains of the Affray were designated as a controlled site under the Protection of Military Remains Act 1986. In consequence, no diving or other underwater operations may take place within a defined zone around the wreck without the prior authorisation of the Secretary of State for Defence.

Submarines of the same class as Affray have been out of service for more than three decades, and no diesel-electric submarines have been in Royal Navy service for several years. The subsequent safety record of the Royal Navy

submarine service has been excellent; indeed, Affray was the last submarine lost at sea. A submarine is a complex ship operating in an environment that is intrinsically hostile, even in peacetime.

Although it is deeply regrettable that the Affray accident resulted in such severe loss of life, including that of the father of my hon. Friend's constituent, I do not think reopening the investigation will give scope for learning significant lessons today. I hear what my hon. Friend says, but we have to balance the potential for gain in reopening the investigation with the intrusion on what is, in effect, a military grave.

I shall consider my hon. Friend's request for a meeting, but I do not want to appear cruel or callous so I do not want to hold out hope that I am minded to reopen the investigation. After such a huge length of time, I really do not think that there is reason to do so. I shall talk to my hon. Friend after the debate about the point he raised in his intervention and will try to understand it further. I shall reflect on his request for a meeting but I do not want to promise it at this stage.

John McDonnell: May I suggest to my right hon. Friend that the meeting would be to outline the continuing concerns of a number of relatives about what happened to the Affray and about the subsequent investigation? It is not a formal request to reopen the board of inquiry, although it may involve a request that divers are facilitated with new, modern technology to investigate the sunken sub so that we can have complete clarity for the relatives about what happened. There is a precedent; in the case of HMS Sussex, where bullion is buried in the wreck, permission was given. If permission was given in the case of the Affray, it would obviously be with full consultation with all the relatives, bearing in mind the number of their relatives in the sub.

Mr. Ainsworth: The Sussex is not a designated site so it is not a precedent.

The motion having been made after Seven o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at Thirteen minutes past Eight o'clock.

House of Commons

Thursday 15 November 2007

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

INNOVATION, UNIVERSITIES AND SKILLS

The Secretary of State was asked—

University Spin-outs

1. **Dr. Nick Palmer** (Broxtowe) (Lab): How many spin-outs by universities have been floated on the stock market in the last five years. [164249]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): According to data collected by the University Companies Association, or Unico, in the last five years 30 university spin-outs have been floated with a flotation valuation of £1.5 billion. The number of spin-out companies formed rose from 232 in 2004-05 to 261 in 2005-06.

Dr. Palmer: Universities' approach to the issue varies. Some, such as Cambridge, are keen to encourage their staff to set up spin-outs—Nottingham also has a strong record in this respect—but others are keener to secure the proceeds of success themselves. Have the Government a view on which approach is best, and has there been any attempt to issue best-practice guidelines?

Mr. Denham: We do not yet have an approach that we advise universities to adopt as best practice, although in a speech at the Universities UK conference in September I said that we needed to discuss how universities and wider society could best capture the benefits of the intellectual property that is developed in universities. We will discuss the issue over the year, but if my hon. Friend will forgive me I will not commit myself to producing guidance until we are sure that the current diverse approach is not a better way of allowing universities to find a way forward. We will, however, continue to invest in the higher education innovation fund which has enabled many universities to exploit innovation so successfully.

Company Start-ups

2. **Ian Lucas** (Wrexham) (Lab): What estimate he has made of the number of companies started up by graduates in Wales in 2006. [164250]

The Minister for Science and Innovation (Ian Pearson): The higher education business community interaction survey records 159 graduate start-ups in Wales in 2005-06. That is, however, an underestimate, because it records only start-ups known to higher education institutions, and some graduates will set up companies after leaving higher education.

Ian Lucas: In north-east Wales, the North East Wales institute of higher education is concentrating on developing links with industry because we want to develop an entrepreneurial spirit in the area. Does my hon. Friend agree that the establishment of a university in north-east Wales for the first time in its history would make a huge contribution to the entrepreneurial spirit in the area, and will he do all he can to assist that step?

Ian Pearson: As my hon. Friend knows, both higher education policy and support for enterprise are matters for the Welsh Assembly Government, and the status of institutions is a matter for the relevant authorities in Wales. However, he is right to draw attention to the importance of universities working closely with business. I know that the North East Wales institute has a strong track record in working with the aerospace sector and a number of other important sectors in that part of the world. My hon. Friend will have to take the matter up with the Welsh Assembly Government directly, but I wish him and the institute every success.

Mark Williams (Ceredigion) (LD): Yesterday at Aberystwyth university there was a conference on the problems of female entrepreneurship and the growing disparity between the numbers of men and women establishing businesses. Notwithstanding what the Minister said about the devolved nature of these matters, may I urge him to contact those in charge of the female entrepreneurship programme at Aberystwyth university and see what lessons can be learned and applied across the United Kingdom?

Ian Pearson: The hon. Gentleman is certainly right about the fact that we want to encourage more entrepreneurship in our universities. According to a study published earlier this week by the National Council for Graduate Entrepreneurship, our universities need to do more. In fact they have transformed themselves over the past 10 years, but if I were asked whether more needed to be done my answer would obviously be yes. If we are to ensure that we have a successful, competitive United Kingdom economy in the future, we need our universities to work ever more closely with business.

I should be happy to make inquiries about Aberystwyth university's entrepreneurship programme. Although the NCGE survey suggests more or less gender-equal access, I am sure that there is more we could do.

Science

3. **Dr. Brian Iddon** (Bolton, South-East) (Lab): What steps his Department is taking to increase the number of people studying science at university. [164251]

The Minister for Science and Innovation (Ian Pearson): The Government are committed to increasing the number of young people studying science, technology, engineering and maths at higher education level. The Department works closely with the Department for Children, Schools and Families, and funds STEMNET, the Science, Technology, Engineering and Mathematics Network, which promotes awareness of those subjects and engagement among young people.

Dr. Iddon: I am pleased to hear that my hon. Friend is working closely with his colleagues in the sister Department. I often hear criticisms of the careers advice given to young people in schools, which is said to be not all it should be when it comes to steering people into STEM subject areas. Is my hon. Friend aware of the excellent work that some trade associations and learned societies, such as the Institute of Physics and the Royal Society of Chemistry, do to promote such subjects so that people are encouraged to go to university to study them?

Ian Pearson: A lot of good work on the STEM agenda has been going on for a number of years and I pay tribute to all those who have been working in the area. Progress has been made and the number of STEM qualifiers has increased by 10 per cent. since 2002-03. The situation is very patchy but a lot of people are working in this area, including the learned societies. My hon. Friend will know that I was at the recent Bill Bryson awards launch from the Royal Society of Chemistry, a terrific programme encouraging young people to take an interest in science. We want more people to be excited about science and taking science at GCSE, A-level and university. That is important for our society as a whole and for our economy.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I share the sentiment expressed so eloquently by the Minister at the end of his answer, but does he accept that getting the data right is key? Does he also accept that it is progress since 1997 that should be measured, rather than picking out what might appear to be a random year for each individual subject? Will he stick to a constant set of data on STEM entrants and base it to 1997 so we can all monitor progress effectively?

Ian Pearson: We are always happy to publish time-series of data in these areas. I was trying to indicate that there has been an increasing problem but that there are some signs that the situation is getting better. It is particularly pleasing that the Universities and Colleges Admissions Service acceptances are up by 9 per cent. for maths, 9 per cent. for chemistry and 12 per cent. for physics compared with the previous year. But there is a problem, particularly in computer science, and in that we do not have enough qualified physics teachers in our schools.

Let us not forget some of the progress that has been made, or that the level of science graduates aged between 25 and 34 in the UK work force is higher than in the United States, Germany or Japan. In fact, our figures are 50 per cent. higher than the European Union average. There are a range of further things that we as a Government need to do to encourage the STEM agenda, but we should not forget where we are today in terms of the labour market.

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): I praise the Minister and the Government for all they have done to promote science. Never in my lifetime have I seen a Government promote science as well as this Government have. Given that nuclear power is once again on the political agenda, I am seriously concerned that there are no undergraduate courses in nuclear engineering in this country. I urge the Minister to talk to the universities and to explore the possibility of setting up nuclear engineering courses, as there is no doubt in my mind that we will need far more nuclear engineers in the future.

Ian Pearson: There is a lot of nuclear engineering research capacity, particularly in the north-west, and we had the recent announcement of the development of a nuclear skills academy. This is an important area, not least because the Nuclear Decommissioning Agency is doing substantial work and will continue to do so over the next 20 to 30 years. The Government will have to make decisions on a new generation of nuclear power capacity. Those decisions have not been taken yet, but I would expect the academic community to want to do its bit to ensure that we have the high level of skills that will be required in the future if the Government make those decisions.

Adam Afriyie (Windsor) (Con): We certainly welcome the Government's recognition that the number of students studying science at university is a key part of the overall investment package for science. Indeed, the Minister and the Government has been almost evangelical in preaching to higher education institutions and industry about the virtues of investing in scientific research and development. However, since 1997 the Government's departmental spending on scientific research and development has been falling, both in percentage terms and in real terms, over the last few years. Why is that?

Ian Pearson: My Department has been in existence for only just over three months so it is a little difficult to refer to such figures. The simple fact of the matter is that the science budget was £1.3 billion when we came to power in 1997 and it is £3.4 billion now, so it has more than doubled—and it will have more than trebled by the end of this comprehensive spending review period. We now have 150,000 more undergraduate students studying science subjects than in 1997-98, so we are making considerable progress. There is a challenge, however. David Sainsbury's report, which the hon. Gentleman is waving around, talks about the race to the top, and that is exactly where we need to go. That is why the Government are implementing in full the findings and recommendations of the Sainsbury review, and we are launching a debate on how we can move beyond Sainsbury. I want us to have the world's best innovation ecosystem. We are starting from a strong position, but we can and must do better.

Sarah McCarthy-Fry (Portsmouth, North) (Lab/Co-op): If we are to have enough science graduates to meet the needs of a globalised society and the challenges from China and India, we cannot leave it all to the boys; we will have to ensure that we encourage girls to take up science subjects. I am encouraged that my hon. Friend is having discussions with the Department for Children,

Schools and Families. There is some evidence that teaching science in a single-sex environment encourages more girls to come forward. Will my hon. Friend please have more such discussions on that subject?

Ian Pearson: I am always happy to have discussions with my colleagues in the DCSF on the STEM agenda and how we can encourage both more young men and more young women to take science subjects. We currently fund a UK resource centre that is specifically targeted at encouraging more women to take up science subjects, but I will be happy to have the discussions my hon. Friend recommends.

Work Placements

4. **Mr. John Spellar** (Warley) (Lab): If he will make a statement on the availability of work placements for apprentices. [164252]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): Since 1997, we have expanded the number of apprenticeships from 75,000 to about 250,000. In 2013, we aim to introduce an entitlement to an apprenticeship place for all 16 to 19-year-olds who meet the entry criteria, and our longer-term commitment is to increase the number of apprenticeships in England to 400,000.

Mr. Spellar: May I draw the Secretary of State's attention to a survey by the excellent *Building* magazine which found that last year some 50,000 youngsters applied for 7,000 construction apprenticeships, and that number of placements was about 25 per cent. lower than in the previous year? Providing training places is only one part of what needs to be done; there must also be training placements in industry. Does the Secretary of State accept that that requires clients to insist on proper training on the job? What will his Department and other Departments do to insist on apprenticeship training on the jobs that they are paying for?

Mr. Denham: I must make it clear that the figure of 250,000 is for work-based apprenticeships, so it does not include the extra number of programme-led apprenticeships. My right hon. Friend raises an important point, however: in some sectors of the economy the need for apprenticeships and our capacity to fund them exceeds the number of employers willing to create them. Over the next few years we will significantly increase the resources available for apprenticeships in sectors such as construction and, possibly, some areas of engineering. We will need to engage with employers both directly ourselves and through the sector skills councils, because we as a Government do not want to be in the position of putting money on the table to fund apprenticeships without the employers being willing to match it. The offer is a substantial one, and we need to get across to employers the advantages of taking it up.

Tony Baldry (Banbury) (Con): The economy of north Oxfordshire is almost entirely made up of vibrant small and medium-sized businesses. At a recent business breakfast in Bicester, I conducted a straw poll and found that not a single employer had yet heard of diplomas or what would be expected of them in terms of their involvement. The same point applies to apprenticeships. I have a simple question for the Secretary of State: who is meant to be going out and talking to employers, and signing them up and getting them involved in both apprenticeships and diplomas? If that does not happen, there will be a complete disconnect.

Mr. Denham: That is a very important question. At the moment, responsibility for that matter is led by the sector skills councils, as well as my Department, and we have enormous support from the private sector, particularly through the apprenticeship ambassadors network of senior employers. However, the hon. Gentleman has put his finger on a really important question—whether the apprenticeship programme as a whole needs a clearer focus and leadership. That issue was raised by the House of Lords report on apprenticeships, and we are looking at it and a number of other issues. My right hon. Friend the Prime Minister announced a couple of weeks ago that we want to reform the programme so that a young person who qualifies for an apprenticeship effectively has a credit—the value that we are prepared to pay to them to fund the apprenticeship—so it becomes clear to an employer that the value of taking on an apprenticeship might be £3,000, £5,000 or even £15,000. That will really encourage the small businesses that the hon. Gentleman is talking about.

Mr. David Kidney (Stafford) (Lab): When Stafford college and I make joint presentations to employers about the "train to gain" initiative and apprenticeships, we find that we can stimulate greater interest among employers in providing places for apprentices. Will my right hon. Friend consider what more he can do personally to approach employers at a national level, and how he can make the best use of Members in approaching employers at a constituency level?

Mr. Denham: First, I pay tribute to my hon. Friend who, like a number of other Members, is very active at a local level in pushing training. My ministerial team has already committed itself to meeting representatives of every CBI region. We are about halfway through that programme, and we hope to undertake a similar exercise with the British Chambers of Commerce later this year and next. So at a personal level, we are trying to get out there to talk about "train to gain", the skills pledge and apprenticeships in particular. However, my hon. Friend is right—an enormous amount of work can be done by Members at local level, and I shall certainly give consideration to writing to them setting out the practical actions that can be taken at local level to promote these important issues.

Mr. John Hayes (South Holland and The Deepings) (Con): In answer to my parliamentary questions, the right hon. Gentleman has acknowledged that the number of advanced apprenticeships has fallen, but he has admitted that he does not know how many are provided by employers directly. He talks about the House of Lords report, which said that of the 130,000 businesses that the Prime Minister claims are providing apprenticeships, many are in fact private training providers. Yet in 2002, the Government agreed with their own advisory committee that apprenticeships should be employer-led, with training providers acting as agents providing support for work-based schemes,

rather than providing the bulk of training. Five years on, the Government have failed to honour that agreement. Is that not because on apprenticeships, as with so much else, this Government are just bluff, bluster and blunder?

Mr. Denham: Let us just recall that some years ago—around the time, I think, that the right hon. Member for Witney (Mr. Cameron) was a senior economic adviser to the then Government—not a penny of public money went into apprenticeships and there were just a few tens of thousands of them. When we became the Government, there were just 75,000 apprenticeships; now there are 250,000 and, what is more, we are achieving higher completion rates than ever before, so I am happy to defend the Government's record on apprenticeships. However, I want to ensure that apprentices receive uniformly high-quality training, based with employers, that provides a proper combination of work-based learning and the additional skills that a fully fledged apprenticeship needs to bring with it. If there are any parts of the system in which that is not so, we need to deal with that as we expand the programme.

Vocational Courses

5. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet representatives of the small firms sector to discuss vocational courses. [164257]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): I and my Ministers regularly meet a number of representatives of the small firms sector, such as the CBI, the British Chambers of Commerce and the Engineering Employers Federation. As I said a few moments ago, we are embarking on a programme of meetings with representatives of the CBI regions to push "train to gain", the skills pledge and apprenticeships in particular.

Mr. Bellingham: I am glad that the right hon. Gentleman recognises the role of small businesses; incidentally, I am very glad that he has been appointed Secretary of State, because he will do an absolutely first-class job. However, can he confirm that figures from his own Department reveal that the number of 16 to 18-year-olds not in education, employment or training—the so-called NEETs—has gone up from 154,000 in 1997 to a staggering 206,000 in 2006? Is that figure not an absolute disgrace and an indictment of his Government?

Mr. Denham: Everyone recognises the challenge of those young people who are not in education, employment or training; the most recent figures for 16 and 17-year-olds are actually down, which is welcome. My right hon. Friend the Secretary of State for Children, Schools and Families set out a number of measures on 5 November to strengthen our current work. In particular, we will ensure, through Connexions and other means, that we do not lose track of young people who drop out of the system and that there are no artificial barriers, time delays and so on to bringing young people back into training when we can encourage them back.

The hon. Gentleman will perhaps share my disappointment that his party is opposed to the aim of raising the participation age for these young people so that each of these 16 and 17-year-olds is either in work with training or in education. Given his concern about these issues, I hope that he will speak to his Front-Bench team and persuade them to change their policy.

Mr. Peter Bone (Wellingborough) (Con): Given the Secretary of State's previous answer, I think that he has missed the point. Under the previous Conservative Government, when I was in business we took on young people and trained them on the job. They went away for academic education once a week and obtained a qualification at the end. That is because they wanted to be there, rather than because they were forced to be there. Was not the Conservative Government's approach better?

Mr. Denham: No, because what went hand in hand with the Conservative Government's approach was huge numbers of long-term young unemployed people who were out of work year after year. The new deal has achieved an end to that long-term youth unemployment. There is an issue to address concerning young people who are in and out of work. Too many young people are not engaged in education, work or training, but what we are doing, both in the short term and by raising the participation age, is the best way of ensuring that that group of young people does not slip through the system. Because we will introduce diplomas and strengthen the apprenticeship system, the offer in place for young people will be of higher quality than we have been able to provide in the past. That is the attraction that will keep them in the system.

Bursaries

6. **Mr. David Evennett** (Bexleyheath and Crayford) (Con): What assessment he has made of the effect of the university bursary system on the number of university students from disadvantaged backgrounds. [164258]

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): The university bursary system is an integral part of the wider student finance package that ensures access to higher education. The system is working. Applications have increased this year by more than 6 per cent., the proportion of applicants from the lowest four socio-economic groups has increased too, and universities are committed to paying more than £300 million in bursaries to students.

Mr. Evennett: I thank the Minister for that encouraging response. However, in my constituency, potential university applicants from disadvantaged backgrounds still have concerns about the financial cost of going to university. When the Government raised the upper limit for top-up fees last year, they said that they wanted each institution to prove that it was widening access. What more can the Government do to encourage and reassure potential students that they will get the necessary support from bursaries or whatever if they come from disadvantaged backgrounds where their families have no history of going to university?

Bill Rammell: I think the challenge of ensuring that we get people from all backgrounds to fulfil their potential and to access higher education is one of the most significant that we face. We have done more to bring in our fairest and most progressive system of student financial support, but we are going even further with a series of changes for next year. We are significantly increasing the proportion of students who will get non-repayable grants and, crucially, we are guaranteeing to young people who get the education maintenance allowance at 16 the amount of money that they will get when they go to university at 18. That is a positive and important step forward, and I hope that the hon. Gentleman welcomes it.

Mr. Andy Reed (Loughborough) (Lab/Co-op): I agree with my hon. Friend on that last point, in that a much earlier intervention in the individual's aspiration to go to university is required. What steps is he taking to work with other Departments to ensure that university remains an option to children earlier on in their schooling, not just because of the financial background but because of an aspiration that university is part of their education and a gateway to a much better life in terms of training and their ability to earn as they go on?

Bill Rammell: I agree with my hon. Friend. Student finance is important, but I think that aspiration is the most critical challenge that we face. That is why the Aimhigher programme, for example, which runs taster weekends and taster schools to encourage students from non-traditional backgrounds to go to university, is so important. We also need a much better relationship between universities and the school system, with universities taking responsibility for widening access. The recent announcement from my right hon. Friend the Secretary of State about the importance of more partnerships between universities and schools is particularly important.

Chris Mole (Ipswich) (Lab): Further to that question, could the Minister expand on the success of the Aimhigher programme so far in reaching those groups who do not have a tradition in their families of going to university?

Bill Rammell: I think that the Aimhigher programme is particularly important, and we have recently announced the continuation of the funding of that programme for the next three years. The evidence shows that the scheme is working, but we also need to ensure that it is targeted as effectively as possible. That is why last year we asked the Higher Education Funding Council to ensure that that is happening and we will bring forward proposals to make it happen.

Maintenance Grants

7. **Kerry McCarthy** (Bristol, East) (Lab): How many additional students entering higher education in 2008 he estimates will be eligible for maintenance grants under the new arrangement. [164259]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): From September 2008, the income thresholds for the full maintenance grant will be increased from £17,500 to £25,000 a year, with a partial grant available for incomes up to £60,000. We estimate that an additional 100,000 students will ultimately be eligible for a maintenance grant. Around one third of all students will be entitled to a full grant and a further third to a partial grant.

Kerry McCarthy: I thank the Minister for that response. I welcome the answer given by the Minister for Lifelong Learning, Further and Higher Education in response to the previous question about the fact that pupils receiving educational maintenance allowances will get confirmation at 16 that they will be entitled to a grant. Could the Secretary of State tell me what is being done to reach out to people who leave education but then want to re-enter it slightly later, and to educate them and inform them about their right to grants?

Mr. Denham: For those who would be eligible for the same financial assistance for their first degree, I draw my hon. Friend's attention to the DVD that I have recently advertised to all Members. It is available to Members from my Department in suitable numbers to communicate with all constituents; or the simpler way is to provide a link to the new website created for our advertising campaign. We are keen to get the message across to as many people as possible.

If my hon. Friend is talking about people who are later on in life and would not come under the same financial provision, perhaps because they are working, she is right. There will be a need to encourage older people back into university, often to study part time, as well as those young and first-time undergraduates whom we are encouraging through the current financial system.

Chris Bryant (Rhondda) (Lab): The way in which the package of measures for maintenance grants and tuition fees available to students in England and Wales is arranged means that there is a financial incentive for Welsh students to go only to Welsh universities. Does the Secretary of State agree that it would be profoundly depressing if we had reached a situation where youngsters in the Rhondda, one of the most disadvantaged areas in the country, went only to Welsh universities? Will he engage in conversations with his counterpart in the Welsh Assembly to ensure that youngsters in my constituency have a full range of possibilities when they go to university?

Mr. Denham: I am responsible for the financial arrangements in England; the devolved Assemblies have to make their own arrangements. Although we discuss these matters with the devolved Administrations at an official and ministerial level where necessary, it is for those Administrations to take their own decisions on them.

Skills

8. **Paul Farrelly** (Newcastle-under-Lyme) (Lab): What steps he is taking to ensure that higher education is able to meet the skills needs of employers and their staff. [164260]

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): We are already working to address employers' higher-level skill needs. The Higher Education Funding Council's three regional higher-level skills pathfinders linked to "train to gain", the 13 higher educational institutional employer engagement pilots that are developing new approaches to co-funding by employers, and the growing number of foundation degree enrolments all exploit close links with business. Our forthcoming higher-level skills strategy will boost that activity further.

Paul Farrelly: I thank my hon. Friend for his reply and for his forthcoming visit next Wednesday to Keele university in Newcastle-under-Lyme, where he will find Labour well and truly alive and kicking. Keele Labour club has record membership and is busy seeking student views on the lifting of the £3,000 tuition fees cap. I am sure the Minister agrees that the best way to meet employers' and the country's needs is to encourage as many students as possible from all backgrounds into higher education. Where does the review process on the cap now stand? Will he ensure that the process is not monopolised by vice-chancellors, and encourage students in higher education, further education and schools to send in their views?

Bill Rammell: I am very much looking forward to my visit to Keele next week. Our position on the cap has not changed one iota. We want to see the first full three years of operation of the new system, and then we will have an independent commission that will report to Parliament. That is the right stance. It would be wrong to rush to premature judgment. It is a pity that the Conservative party does not take that view. We have recently heard from the right hon. Member for Wokingham (Mr. Redwood) that he wants to see the cap lifted, and we have heard from the hon. Member for—

Mr. Speaker: Order. These are not matters for the Minister on the Floor of the House.

Mr. Philip Hollobone (Kettering) (Con): Two months ago the Department announced that it would withdraw funding for students in higher education studying equivalent level qualifications. Will that not have a disproportionate impact on institutions such as the university of Northampton, which have been successful in attracting students from disadvantaged groups? Does it not go against all the principles that the Government espouse about people being able to retrain for better career opportunities?

Bill Rammell: I respect the hon. Gentleman's point of view, but I profoundly disagree with it. Spending public money to give people who already have a degree a second degree, while 70 per cent. of adults in the working age population do not have even their first degree, is not the right priority. One could argue that we should choose to focus more on those with existing qualifications and less on those without them. I would disagree with that proposition, but it is at least a coherent view. However, one cannot legitimately argue that the choice is not there to be made.

Sarah Teather (Brent, East) (LD): The Secretary of State spoke earlier about encouraging adults back into the education system. Does he not appreciate that institutions such as the Open university, which have such a major contribution to make to educating adults, expect that they will lose up to £32 million of funding? Does he value the contribution made by such institutions, and how can he equate what is happening with his other statements about wanting a flexible work force that embraces retraining?

Bill Rammell: It is simply not the case that the Open university will lose that amount of money. I and the Secretary of State have met people from the Open university to make that clear. We have also made it clear that no institution will lose in cash terms, and the Higher Education Funding Council for England is currently consulting on the issue. We are not cutting funding from higher education. We are saying that £100 million over three years ought to be reprioritised from those people who already have undergraduate qualifications to those who do not have even their first degree. I believe that that is the right priority in public policy terms.

Mr. Rob Wilson (Reading, East) (Con): If the Government are serious about improving skills, why have they cut £100 million from institutions devoted to part-time and mature students? The funding change was sneaked out over the summer by the Secretary of State, probably because it contradicts the Leitch report. It appears that the Government do not wish to support graduates who need to retrain.

Following on from what my hon. Friend the Member for Kettering (Mr. Hollobone) said, can the Minister explain how ripping £8 million out of Birkbeck college's budget and £30 million from the Open university's budget increases opportunities and improves skills? Does that not send out the message that the Government have abandoned—

Mr. Speaker: Order. The hon. Gentleman has had a few supplementaries there.

Bill Rammell: I welcome the hon. Gentleman to the Front Bench; I think that this is his first appearance there at Question Time. May I politely urge him on future occasions to listen to the previous answer before he commits himself? I made it abundantly clear that we were not cutting £100 million from the higher education budget. We are seeking to reprioritise the budget from people who already have a degree to those who are not even at first base. If the Conservative party's position is credible, it must go to adults in the workplace and tell them that they are not a priority for public funding.

Low-income Families

9. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent submissions he has received on the number of students from low-income families in higher education. [164261]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): The submissions that I have received tell me that there has been a steady increase in the number of young people from lower socio-economic backgrounds entering higher education. The proportion of young people from the bottom four socio-economic groups entering higher education increased from 17.6 per cent. to 19.9 per cent. between 2002-03 and 2005-06. The new package of financial support that I announced in July will help to remove any financial barriers to going to university, but we also expect universities to become more active in helping to spot and nurture talent in schools at an earlier age, which is why Lord Adonis and I published a prospectus on encouraging university, trust and academy links.

David Taylor: Distribution of educational quality at primary and secondary levels along class lines lies at the heart of a situation in which the 7 per cent. of those who are privately educated bag 40 per cent. of the places at the top 20 universities. That is not only a national scandal, but damages economic competitiveness and impedes social mobility. Despite what the *Daily Mail* and *The Daily Telegraph* might say, will the Secretary of State try even harder to get a broader spread of people into higher education, especially into the Russell group, which has such a chronic and dismal record in that regard?

Mr. Denham: I assure my hon. Friend that we shall continue to work with universities to ensure that they operate fair admissions procedures, unlike the Opposition, who recently announced that they would abolish the Office for Fair Access. My hon. Friend pointed out that educational disadvantage can happen at an earlier age. We want to get more universities engaging deeply with schools so that young people as young as 12, 13 or 14 are identified and encouraged to apply to all universities. That is why we are so keen to see universities working with schools to establish trusts and academies.

Career Development Loans

10. **Ms Sally Keeble** (Northampton, North) (Lab): If he will make a statement on career development loans. [164262]

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): Career development loans are a successful programme administered by the Learning and Skills Council to help individuals invest in improving their skills. Loan capital is provided by three high street banks at commercial rates. The Learning and Skills Council meets interest costs on loans while individuals are participating in their chosen course. Since 1997, 160,000 loans have been lent by the banks, with a total value of £689 million.

Ms Keeble: I welcome the scheme, but I should like to bring to my hon. Friend's attention a case involving one of my constituents and his son, who took out an £8,000 loan, which was paid to a training provider who then disappeared with the money, leaving my constituent with debt. Will my hon. Friend look into the issue to ensure that there is not a wider problem with the vetting of training providers? And what will happen to my constituent and his son, who still have to pay back the £8,000?

Bill Rammell: I am genuinely sympathetic to anyone who has been affected as my hon. Friend's constituents have. In general, career development loans work. Of those who take them out, 85 per cent. have said that they would recommend the scheme to a family member or friend. That would not be happening if there was systematic failure. In the small number of cases where a provider has ceased training, the Learning and Skills Council has taken steps to allow individuals with loans to delay the repayments, extend their loans to complete training elsewhere and protect their credit rating. I understand that my hon. Friend's constituents were written to to that effect. However, given the concerns that she has expressed, I would be more than happy to meet her and discuss the issue in detail.

Apprenticeships

14. **Andrew Selous** (South-West Bedfordshire) (Con): What steps his Department is taking to increase the number of completed apprenticeships. [164267]

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): We have raised the proportion of young people completing their apprenticeships from 24 per cent. in 2001-02 to 63 per cent. in 2006-07. That has been achieved while the number of apprenticeships has trebled since 1997, standing now at 250,000. We are on track to achieve within the next few years completion rates similar to those of the best of our competitors in Europe.

Andrew Selous: I hear what the Minister says, but a number of my constituents regularly tell me that they would like shorter and more intensive apprenticeships and similar training courses. Does he not agree that for people on low incomes, or perhaps even no income at all, that could be a useful solution? Can he give me any encouragement on that subject?

Bill Rammell: There is a balance between the length of a course and its quality. Nevertheless, we will shortly be making some announcements about how we can ensure that there is greater flexibility for people coming forward with qualifications below level 2—the equivalent of five GCSEs. We need to do more to expand the number of apprenticeships, and we are committed to doing that—but there are already three times as many apprenticeships as there were 10 years ago. That represents real and significant progress.

Topical Questions

T1. [164274] **Mrs. Ann Cryer** (Keighley) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): In a rapidly changing world, Britain can succeed economically and be socially inclusive only if we develop the skills of all our people to the fullest possible extent, carry out world-class research and scholarship and apply knowledge and

skills in order to create an innovative and competitive economy. My responsibility is to lead my Department in working to meet those challenges.

Mrs. Cryer: I thank my right hon. Friend for his response. Will he comment on his Department's responsibility for the provision of English for speakers of other languages—ESOL—for people who need English and citizenship in order to acquire indefinite leave to remain? I am hearing some unfortunate stories about dodgy characters setting up organisations that simply charge £200 for a certificate that states that a person has attained a certain level of English. There are other organisations, such as the English Speaking Board Ltd, which are apparently perfectly all right. They charge, but the people who use them do not end up with no English; they are tested, and the courses are very useful. We need to get through to our communities the importance of knowing English. This is not just about getting a certificate; it is about actually using English.

Mr. Denham: My hon. Friend has made two points. She is absolutely right to identify the importance of ESOL, and I am determined that my Department's budget for the teaching of English—which has trebled over the past few years—should be used to support the broader Government agenda on integration and community cohesion. I believe that the vast majority of ESOL courses that we fund are of a very high quality—the reports from organisations such as Ofsted support that view—but I invite my hon. Friend to contact me if she has concerns about particular providers, as I would be happy to have my officials investigate them.

Justine Greening (Putney) (Con): The Secretary of State has talked about expanding the numbers in the apprenticeship programme, but how many of the extra apprenticeships are likely to be in London? Is he talking to the Home Office about ensuring that his strategy for expansion works alongside the economic migration strategy? As a London MP, I am aware that many economic migrants are working in precisely the kinds of industries in which he would like to see the apprenticeships being established. Is he having discussions with the Home Office on this issue?

Mr. Denham: The hon. Lady raises an important point. The distribution of apprenticeship opportunities is uneven across the country, and it does not always match where one might think that the greatest demand is. That is certainly an issue that we want to address. Indeed, I met the Mayor of London only yesterday evening to discuss the work that we can do with him to increase the number of apprenticeships in the city. The hon. Lady is also right to say that expanding the number of apprenticeships, and the opportunities in general for young people and adults to acquire higher skills, offer the best chance for those people to get the available jobs, thereby reducing the pressures that some employers feel to bring in migrants to fill them.

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): Does the Minister agree that in order to be globally competitive, we need strong regions across the whole UK? Will he join me in praising the Harraton skills centre in Washington in my constituency, which is doing innovative partnership work with all the high schools across Sunderland and giving vital skills to young people to enable them to go out and play their part in the world?

Mr. Denham: I agree with my hon. Friend, and I congratulate her on the work that she does in her constituency to champion these issues. We need more training providers—whether colleges or independent providers—to work proactively with schools in their area to ensure that we have continuity, that we raise aspirations and that we drive skills up to the highest levels. This will be critical in enabling us to meet the economic challenge that we face, on both a regional and a national basis.

T2. [164275] **Sandra Gidley** (Romsey) (LD): The Minister will be aware of the target to raise 2.5 per cent. of gross domestic product from research and development by 2010. The vice-chancellor of Southampton university recently expressed concern that the target would be difficult to achieve because children are not taking the right GCSEs. Does the Minister accept that a reason for that might be related to another target—the school league tables? They mean that teachers often persuade children to take subjects in which they are more likely to achieve a higher grade, rather than the science subjects that children often regard as difficult. What is the Minister's solution?

The Minister for Science and Innovation (Ian Pearson): No, I do not agree. Actually, the target for the United Kingdom is not for 2010 but for 2014. In fact, a target of 2.5 per cent. of research and development at aggregate level does not make a lot of sense; it is a crude input measure. Yes, we want increased R and D, and on Monday the Government published the 2007 R and D scorecard, which shows that our top-performing companies are increasingly investing in R and D; the top 850 are up 9 per cent. this year, which is welcome progress.

The hon. Lady raised the issue of hard or easy school subjects. We talked earlier about the STEM agenda. The Government are doing a lot of work to encourage people to take science, technology, engineering and mathematics and we are seeing some real progress, but that is due to the hard work of many individuals over several years.

Mr. David Willetts (Havant) (Con): I am just trying to master the finer points of the new topical questions procedure, Mr. Speaker. I hope that the Secretary of State is the person to whom my question is addressed, but I am not quite sure.

I hope that the Secretary of State will confirm that the number of young people aged 18 to 24 not in education, employment or training has increased by more than 100,000 since 1997. I am sure he agrees that those are wasted opportunities and blighted lives. He would have been outraged if 10 years ago we had forecast that under a Labour Government that number would deteriorate. What is his explanation of the deterioration?

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): The hon. Gentleman knows very well that he greatly overstates the situation. The figures that he is using include, for example, young women who are not in work because they are having a child, and university students who are taking a year out before they go to university or before they start work after university. I do not at all diminish proper concern about anybody who is not engaged gainfully in employment, education or training, but the hon. Gentleman does his case no good by overstating it and including a significant number of people who are undertaking perfectly legitimate and proper activities.

Mr. Willetts: But the definition has not changed in the past 10 years—and in some of the groups the Secretary of State identified, such as young mothers, the number has fallen over the past 10 years. The problem seems to be serious, so will he confirm that the number has gone up from 910,000 to 1,050,000? I observe that he did not suggest that compulsion was the answer for the 18 to 24 age group. Will he confirm that he does not believe that compulsion is the answer, and that the right answer is better education, better training and better opportunities?

Mr. Denham: I certainly do not believe that compulsion is the right answer with that group, but I do believe that compulsory participation up to 18 is the right answer and that the hon. Gentleman is wrong, because it is important that as a society we organise ourselves to give maximum opportunities to ensure that at 18 people are equipped to enter the world of work successfully. Beyond that, there is certainly a major challenge for my Department, with the Department for Work and Pensions, to join up Jobcentre Plus services with the training that we offer to ensure that that group of young people—the ones we should be worried about—not only get into work quickly, as a great majority of them do, but also that they stay in work, gain qualifications and remain in employment. Doing that over the next few years is a major challenge for the Government, and one that I shall be undertaking with the Secretary of State for Work and Pensions.

T7. [164282] **David Taylor** (North-West Leicestershire) (Lab/Co-op): One of our nation's greatest institutions was created by the nation's greatest post-war Prime Minister, Harold Wilson. I speak of the Open university, of which I am a graduate and for which I used to work. Would the Minister care to elaborate on the rather blasé reply given to the hon. Member for Kettering (Mr. Hollobone) a few moments ago about the future of the Open university, which will, despite transitional funding, lose £40 million a year, thus imperilling 25 per cent. of its enrolled student numbers—30,000 people. That cannot have been the intention of our Government on their election in 1997, can it?

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): I entirely endorse the position of principle set out earlier by my hon. Friend the Minister for Lifelong Learning, Further and Higher Education, but transitional protection will be put in place by HEFCE for the Open university and for other institutions that might otherwise be hard hit by a sudden transition. More importantly, I cannot think of an institution better able to offer new forms of higher education to the millions of people in the adult work force who have never been to university and never had the chance of higher education, but will need to do so in the years to come. We will, with HEFCE, willingly work with the Open university and every other institution to make it clear how the advantages offered by the rising number of people who we want to come into higher education can be taken by such institutions. So I think that the future can be enormously positive.

T3. [164277] **Tony Baldry** (Banbury) (Con): How would the Secretary of State answer the most difficult supplementary question that his officials anticipated that I might have asked if we had reached Question 13 on the Order Paper, about the division of responsibilities for further education between his Department and the Department for Children, Schools and Families?

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): The answer to that challenging supplementary question is that the reorganisation of the Government into a Department focused on skills, research and innovation—my Department—and a Department focused on children and families is radical but entirely logical. It poses some serious issues that we need to deal with—for example, the funding of further education colleges that have both 16-to-19 and adult provision—but none of those problems is impossible to solve. I am working very closely with my right hon. Friend the Secretary of State for Children, Schools and Families, and we will consult on the way that we intend to handle these issues in the spring. It was not quite so difficult as the hon. Gentleman thought.

T4. [164279] **Mr. Andrew Robathan** (Blaby) (Con): I wonder whether the Secretary of State could now answer the question that he was asked by my hon. Friend the shadow Secretary of State: can he confirm that the number of 18 to 24-year-olds currently described as NEETs—not in education, employment or training—has gone up by approximately 15 per cent. between 1997 and 2007, judged by essentially the same criteria as were used in 1997?

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): The latest figures clearly demonstrate that the numbers are coming down. However, I would be the first to admit that this is an exceedingly challenging area. That is why, for example, we have local authorities, the Connexions service and others looking at the hot-spot areas in the county, to learn, from best practice, what works to target that challenging group. It is also why—I agree with the Secretary of State about this—the raising of the compulsory education and training age has a role to play. When I heard the Leader of the Opposition say yesterday that he could not give an answer on that issue because the Conservative party's position was in flux—

Mr. Speaker: Order. I call Lynda Waltho.

T8. [164283] **Lynda Waltho** (Stourbridge) (Lab): Stourbridge college in my constituency is delivering 40 per cent. above its original "train to gain" contract target, and it will deliver 100 per cent. next year. It is about to establish Stourbridge Training to respond to employer-led demands. Will my right hon. Friend undertake to visit Stourbridge to see what a can-do college is doing to reinforce the message that we need a relentless focus on and investment in skills and training, not just for those in colleges and schools, but for those already in work?

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): I congratulate my hon. Friend on the close working relationship she has with her local college and the support that she gives it. Her college is doing exactly the right thing. The system of funding for adult skills is changing and will be led much more by employer demand. Colleges that succeed will be the ones that organise themselves to make the greatest contribution to "train to gain". I am pleased to hear about what she is doing locally. I know that my hon. Friend the Minister for Science and Innovation is already planning to visit the college, and I hope that I may have the opportunity to do so in the future.

T5. [164280] **Miss Anne McIntosh** (Vale of York) (Con): By Ministers' own admission, 40 per cent. of apprenticeships are not completed. Does the Secretary of State undertake to perform a skills audit to ensure that apprenticeships will marry up to the skills required by employers?

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): Apprenticeship places are created by employers, who do that because they believe that it will help them to meet their skills needs. By introducing the credit that my right hon. Friend the Prime Minister announced a few weeks ago, we hope to make the financial support available to employers much clearer. With that, and the further reforms that we will produce later this year with our draft apprenticeship reform Bill, we can make sure that apprenticeships are of a uniformly high quality. We inherited a situation in which less than 30 per cent. of apprenticeships were completed. We have done far better than the Conservative Government, with far more apprenticeships.

T6. [164281] **Mr. Mark Harper** (Forest of Dean) (Con): Will the Secretary of State join me in congratulating and wishing the best of luck to all the British entrants in this week's world skills competition in Japan, which opened yesterday? I know that the Under-Secretary of State for Innovation, Universities and Skills, the hon. Member for Tottenham (Mr. Lammy) is there at the moment, and my hon. Friend the shadow Secretary of State is to go shortly. In particular, I wish good luck to my constituent Miss Donna Leach, from the Cutting Edge hair salon in Cinderford, who is representing her country in the skill of hairdressing.

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): Absolutely—I give my best wishes to all the team members in the world skills competition, and we all look forward to the world skills competition coming to this country in four years' time. I am grateful that Members on both sides of the House have supported the local, regional and national competitions that helped to select the team, and I hope that they will continue to offer that support in the future.

Business of the House

11.32 am

Mrs. Theresa May (Maidenhead) (Con): Will the Leader of the House please give us the forthcoming business?

The Leader of the House of Commons (Ms Harriet Harman): The business for the week commencing 19 November will be—

MONDAY 19 NOVEMBER—Second Reading of the European Communities (Finance) Bill.

TUESDAY 20 NOVEMBER—Second Reading of the Channel Tunnel Rail Link (Supplementary Provisions) Bill.

WEDNESDAY 21 NOVEMBER—Opposition day [1st allotted day] there will be a debate on health care-associated infections, followed by a debate entitled "Failure of the Government to Pursue Schools Reform".

THURSDAY 22 NOVEMBER—Topical debate—subject to be announced, followed by Second Reading of the Sale of Student Loans Bill.

FRIDAY 23 NOVEMBER—The House will not be sitting.

The provisional business for the week commencing 26 November will include:

MONDAY 26 NOVEMBER—Second Reading of the Health and Social Care Bill.

Later today, the House will have the first of the topical debates under the new system. I have chosen the subject of immigration. Members should contact me to propose subjects for future topical debates. Each week, the subject I have chosen for a debate on a Thursday will be put on the annunciator on Monday evening.

Mrs. May: I thank the Leader of the House for giving us the future business. Last week, I asked her what had happened to regional Select Committees. Yet again she talked about regional accountability, but not regional Select Committees. Will she make a statement on the Government's position? Do they believe in regional Select Committees or not?

The mandate for EUFOR, the peacekeeping force in Bosnia, expires on 21 November. Its renewal is vital. The 10 December deadline for the final status of Kosovo is approaching, still without any indication of an agreement. May we have a statement from the Foreign Secretary on the situation in the region and the status of EUFOR's mandate?

When the Government introduced 24-hour drinking, we opposed the decision because of the obvious impact on crime and public health, but the then Home Secretary rubbished our argument, and said:

"This is a committed and coherent effort to promote responsible drinking".

The Nuffield Council on Bioethics says:

"There is...an urgent need for an analysis of the effect...on...alcohol consumption, as well as on anti-social behaviour",

but all that we have had from the Prime Minister is a half-hint to the media, some spun headlines and no change in policy, so may we have a debate in Government time on the impact of the ill-considered licensing reforms?

On Home Office targets, the chief executive of the National Policing Improvement Agency says:

"Because...a stolen milk bottle counted the same as...a murder",

the police concentrate on

"volume crime rather than serious crime."

After 10 years, five Home Secretaries and countless Criminal Justice Acts, the police seem too busy to solve major crimes, so may we have a debate in Government time on Labour's total failure to get a grip on serious and violent crime?

Today it has been reported that the Government want to extend the period for which terror suspects can be held without trial to 58 days. The Leader of the House has consistently said that such announcements should be made to the House first, but yesterday, when the Prime Minister made his security statement, he made no mention of 58 days. In interviews two days ago, the Home Secretary refused to set a limit. What changed the Home Secretary's mind? Why did the Prime Minister not announce the decision to Parliament in yesterday's statement, and when will the Home Secretary come to the House to make a statement?

At 8.20 yesterday, Admiral Lord West said he was not

"fully convinced that we...need more than 28 days".

By 9.5 he said that he was "personally, absolutely" convinced. Another Minister in the Government of all the talents, Lord Jones of Birmingham, attacked the Government's change to capital gains tax, saying that it was a "terrible thing". Lord Malloch-Brown—another GOAT, currently resident in Admiralty house—believes that we need to talk more to Hezbollah but less to Washington. With every passing week, the Prime Minister's big tent looks more like a circus marquee, so may we have a debate in Government time on collective ministerial responsibility?

Mr. Speaker, you couldn't make it up. Finally, may we have a debate on maritime safety, in which we could discuss the appropriate use of maritime flags. Yesterday Admiral Lord West raised the maritime flag D: "Keep clear: I'm manoeuvring with difficulty." Perhaps the Prime Minister should have raised flag M: "My vessel is stopped and is making no way through the water." Is it not time that he pulled into port and let another captain take over the job?

Ms Harman: The shadow Leader of the House raised a number of serious points, one of which was about regional accountability. The Government remain committed to strengthening accountability, through the House, for regions in England. That is the position that we are taking forward, but we need to discuss how we develop proposals. We have suggested that the issue be looked at by the Modernisation Committee; as the right hon. Lady is a member of it, she knows that it will discuss regional accountability. Our position remains absolutely clear: we want strengthened regional accountability to the House. The exact form of that accountability will be a matter for discussion and agreement within the House.

[Ms Harman]

The right hon. Lady mentioned EUFOR, to which the Foreign Secretary referred when he led the debate on the Queen's Speech. The right hon. Lady and other colleagues will, if they see fit, have the opportunity to raise the issue again in Foreign Office questions on Tuesday.

The right hon. Lady raised the issue of alcohol consumption; I know that that is a concern among Members on both sides of the House. That may well be a subject for a topical debate, as it seems to be topical almost on a weekly basis.

The right hon. Lady talked about Home Office targets for the police. I do not accept the idea that the police treat the crime of a stolen milk bottle and murder with the same seriousness; I think that that is completely wrong, and a wrong point.

The House had an extensive discussion about detention yesterday, following a statement by the Prime Minister. The Home Secretary has made it clear that she will seek discussions with all parties. We want to have the right powers to protect everyone in this country and the right safeguards for all suspects. Proposals will be brought before the House, hopefully on the basis of an agreement across all parties. We will continue to consult and hope that agreement will be reached.

Mr. Don Touhig (Islwyn) (Lab/Co-op): Will my right hon. and learned Friend find time for a debate on the next round of post office closures? As Royal Mail will not tell me anything of its plans for closures in my constituency, although it tells me in a letter that "as an important stakeholder" I will be "notified" but not consulted, at least a debate would give Members an opportunity to discover how much more damage that pretty awful management is to inflict on the post office network.

Ms Harman: The future of the Post Office and individual post offices is important for all Members of Parliament. My right hon. Friend will know that the Government have committed £1.7 billion of investment in the post office network up to 2011. He referred to the post office local area implementation plans. The Government remain committed to national networks, and it is important for all hon. Members to respond and be involved in the consultation. The Post Office should take representations from hon. Members seriously and not simply notify them of the outcome.

Mr. David Heath (Somerton and Frome) (LD): Following yesterday's statement, may we have a further statement outlining the details and practicalities of the e-borders proposals? Given that 90 items of information can be required of people going in or out of our airports, which will be an El Dorado for identity theft, what security measures will be in place at every airport to make sure that that information does not get into the wrong hands?

On 4 July the Prime Minister said that

"the extradition treaty with the United States is a matter for continuing discussion."—[*Official Report*, 4 July 2007; Vol. 462, c. 954.]

As many of us still feel that the extradition treaty is one-sided and unfair and needs urgent revision, may we, as a House, join in that continuing discussion?

May we have a statement on the arrangements for the loan to Northern Rock? Yesterday the Prime Minister refused to answer questions on the terms of the loan to Northern Rock on grounds of commercial confidentiality. As that information has been freely available on the internet and is in the hands of every banker, market maker and trader, why is the British citizen—the taxpayer—the only person who is not allowed to know what has been done with our money in that respect?

Lastly, may we have a debate on multitasking, with particular reference to the Home Secretary? When she was reporting the latest fiasco to have befallen the Home Office—only four months after the event—the Home Secretary said that she wanted to be a Minister who acts rather than talks about that situation. May I gently suggest that we want a Minister who does both?

Ms Harman: The hon. Gentleman asks about data collection when people leave and arrive in the country. We are clear that as much data as can be captured to help with immigration information and anti-terrorist information should be collected and, subject to appropriate safeguards, shared. He has a regular opportunity to raise such issues at Home Office questions.

The hon. Gentleman asked about the extradition treaty. Nobody in the House should argue that if there is evidence that somebody has committed a criminal offence abroad, such as in America, we should allow them to escape justice in this country and not be extradited. We have to remember that that is the basis of extradition—*[Interruption.]* There is a question about reciprocity, but we should first say what we want to do in this country. Do we want to harbour criminals from other countries? We certainly do not. Do we want to ensure that those who have committed offences here are brought back? Yes, we do. It is not about doing a deal, but about doing the right thing in respect of each possible offender in each possible country.

The hon. Gentleman mentioned Northern Rock, which would be a suitable subject for an Opposition day debate. The Chancellor set out the position clearly yesterday—that he will bring to the House by way of an oral or written statement any further information that can be made available.

Dr. Brian Iddon (Bolton, South-East) (Lab): Is it the Government's intention to bring to the Floor of the House for debate—before they develop the next 10-year strategy—the results of their recent consultations on the current 10-year drug strategy?

Ms Harman: The relevant Minister will no doubt bring further information to the House, but my hon. Friend could propose that subject for a topical debate. It crosses a number of areas of concern, so it would be appropriate for such a debate.

Mr. Andrew Mackay (Bracknell) (Con): Let me return to yesterday's security statement by the Prime Minister. The Leader of the House will have seen—it was all over the newspapers, television and radio this morning—stories suggesting that the Government are

about to extend the detention limit from 28 to 58 days. If so, the Prime Minister should have told us yesterday, or will the Leader of the House confirm that it has all been made up by the media and that there has been no briefing whatever?

Ms Harman: What I can tell the House is that the position is as it was set out by the Prime Minister yesterday. Before that, it was set out in a document laid before the House by the Home Office on 25 July, which says:

"The scale and nature of the current terrorist threat... lead the Government to believe that we need to look again at the time limit on pre-charge detention."

Four options were set out then and hon. Members have set out further options. As the Prime Minister told us yesterday, my right hon. Friend the Home Secretary will seek talks across the parties to determine what proposals we can put before the House.

Tony Lloyd (Manchester, Central) (Lab): Does my right hon. and learned Friend agree that there is now hope of universal agreement that this Parliament has to act in the interests of democracy against the arms race in party political spending, which has grown out of control over recent elections? Does she also agree that, as a democratic Parliament, we should be very cautious about accepting the suggestion of the leader of the Conservative party that we trade off party political donations—they may have to be examined—especially when at the moment there is no national consensus about state funding for political parties? The British public have not yet been properly consulted, so we need to adopt great caution before moving in that direction.

Mr. Speaker: Order. I ask hon. Members to ask about next week's business. It is easy to get a question in, but we are supposed to be debating the business for next week.

Ms Harman: My hon. Friend will have an opportunity—not next week, but in due course—to debate his important point further. Provision is made in the Queen's Speech for a Bill to ensure correct controls on party campaign funding at elections. I agree that we must tackle the problem of the arms race. No one wants to see more and more money being spent by the parties in an arms race on election spending, particularly when fewer and fewer people are voting, so it is right to move forward on tackling that arms race.

Sir Nicholas Winterton (Macclesfield) (Con): Judith Todd, daughter of the late Garfield Todd, long associated with Rhodesia and Zimbabwe, came to Parliament yesterday to discuss, among other things, the desperate plight of the people of Zimbabwe. Their plight is easily forgotten. When he was Leader of the House, the current Secretary of State for Justice promised that there would be a major debate on this subject here in the Chamber in Government time. Although we had one debate just before the recess, we were promised a debate on the Floor of the House before Christmas. Will the Leader of the House tell us whether we can have that debate? I would like it next week, but that might be expecting too much. Will she promise me a debate on Zimbabwe before Christmas?

Ms Harman: I will take the hon. Gentleman's point as a suggestion for a topical debate next week.

Mrs. Ann Cryer (Keighley) (Lab): Does my right hon. and learned Friend agree that it might be useful to have a debate next week on the importance of Select Committees in providing checks and balances between the Chamber and the Executive? It has been suggested that we should move forward to regional Select Committees. It seems to me, however, that all parties are having difficulties in providing personnel for the existing Select Committees. Is it therefore a good idea to have many more?

Ms Harman: My hon. Friend's point is one of the reasons why proper consideration of how regional accountability is to be introduced is necessary. I pay tribute to the work of Select Committees. All Members will recognise that they have enormously improved the House's scrutiny of the Executive. We want to make sure that we bring in strong, robust, credible, regional accountability, but in the process we must in no way damage the important work of departmental Select Committees.

Sammy Wilson (East Antrim) (DUP): Yesterday, in the statement on national security, to which my party has given broad support, the Prime Minister announced a strengthening of the e-border programme. While we recognise the importance of checking the background of those who enter the United Kingdom, in the absence of that programme being implemented in the Irish Republic, or being applied along the border between Northern Ireland and the Irish Republic, people from Northern Ireland are likely to be treated as foreign nationals when travelling to this country. That has grave implications for the Union. Will the Leader of the House arrange a debate to discuss the economic, social and constitutional consequences of the strengthening of the e-border programme?

Ms Harman: I will bring the hon. Gentleman's important and substantive points not only to the attention of my right hon. Friend the Secretary of State for Northern Ireland but to that of my right hon. Friend the Home Secretary. I am sure that they will want to reassure him, and it might be a good idea for him to seek a meeting with them to ensure that the matter is dealt with satisfactorily.

Julie Morgan (Cardiff, North) (Lab): May I support the comments of my right hon. Friend the Member for Islwyn (Mr. Touhig) about post offices, as I am dismayed by the announcement of closures in my area? My point, however, is about yesterday's security statement. I was pleased that the Government have consulted Muslim women and plan to set up a committee to consider access and influence in mosques. Will my right hon. and learned Friend use her position and talk to other Ministers to ensure that Muslim women in Wales are involved in such important discussions? May we debate the issue next week? The key to capturing hearts and minds lies with Muslim women, and they should be at the centre of any strategy.

Ms Harman: I thank my hon. Friend for that point. As she will know, I and the other Minister with responsibility for women have as one of our priorities

[Ms Harman]

the empowerment of black and Asian women within their communities. We are also determined to ensure that there are more black and Asian women councillors. Part of the process is to include all communities within democracy so that they feel that they have a real stake in its future.

Sir George Young (North-West Hampshire) (Con): May I be this week's shop steward and ask about the Senior Salaries Review Body report on pay and allowances? What could that report conceivably have contained that requires four months for the Government to reflect on it? Is this a unique example of the Government seeking to bury good news?

Ms Harman: First I said that it would come shortly. Then I reassured the House that it would come very shortly. Last week it was imminent. Today I can say that the time draws nearer and nearer —the time that will surely come.

Tom Levitt (High Peak) (Lab): The whole House will be aware that the High Peak constituency is the spiritual home of the right to roam. I therefore welcome the Government's intention to extend the right to roam to coastal areas. At present, however, the intention is to introduce that right as part of the marine Bill. As we all know, the marine Bill has been delayed beyond this Session. Will my right hon. and learned Friend consider, perhaps next week, introducing the right to roam in coastal areas in a stand-alone Bill, separate from the marine Bill, so that we can fulfil our commitment?

Ms Harman: It has been announced that the marine Bill will be produced in draft, which will enable full involvement and consultation, not only by Select Committees but by those outside the House. This matter is a priority for the Government, so we will bring the Bill forward. No doubt all those concerned with the matter in my hon. Friend's constituency will contribute to that process.

Justine Greening (Putney) (Con): May we have a debate in the House on the capacity of local police teams and community safety teams to deliver on Government targets? My part of London now has fewer police than it had a decade ago. Our policing is 24 head-count below the budgeted total that it is meant to have. At the same time, safe and stronger community funds are being cut. Meanwhile, only yesterday, the Prime Minister talked about what needs to be done in communities such as mine to help national security. May we have a debate on the overall Government strategy, so that we can make sure that it works as a whole?

Ms Harman: I will bring the hon. Lady's comments to the attention of my right hon. Friend the Home Secretary, and ask her to write to the hon. Lady. But the hon. Lady is struggling under a misapprehension. Her constituency has more police than 10 years ago.

Justine Greening *indicated dissent.*

Ms Harman: Indeed it has. There are more police community support officers, and a big investment has been made. I will invite my right hon. Friend the Home Secretary to write to the hon. Lady and place a copy in the House of Commons Library, as other Members are showing an interest in this point.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): My right hon. and learned Friend might be aware that I have been campaigning for justice for my constituent, Michael Shields, who has now been transferred from prison in Bulgaria to prison in this country. Now that there is confusion about whether it is appropriate for the Bulgarian or the United Kingdom authorities to consider granting a pardon for Michael Shields, will she ensure that there is a debate, or if not, a statement in the House?

Ms Harman: I understand that my hon. Friend, who has championed her constituent's cause, has sought an Adjournment debate. It is important to be able to repatriate to this country people who have committed offences abroad so that they can serve their sentence nearer their families. If the original conviction was made abroad, however, it appears that its overturning must be campaigned for and achieved abroad. No doubt she will bring the matter further to the House's attention.

Mark Hunter (Cheadle) (LD): All Members of the House will be aware of growing concern over the military covenant. Last week, the nation came together to pay tribute to servicemen and women who made the ultimate sacrifice on behalf of their country. Given the Royal British Legion's campaign to honour the covenant, does not the Leader of the House feel that it is important to have a debate in Government time to consider such issues further?

Ms Harman: There are regular defence debates, and perhaps I can take the hon. Gentleman's point as a suggestion for next week's topical debate.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): Will the Leader of the House consider allowing a debate on the public health impact of nail bars? A constituent has drawn my attention to the fact that the proliferation of nail bars with staff who are not properly qualified is leading to, in particular, problems resulting from the use of methyl methacrylate to attach nail extensions. The chemical damages the nail bed, and is banned in the United States. This issue is of great importance to women in my constituency and throughout the country, and it would be helpful to have a debate about its public health aspects as soon as possible.

Ms Harman: I will bring my hon. Friend's points to the attention of my ministerial colleagues. There has indeed been a proliferation of nail bars, and I think that if there are public health implications we need to be confident that they are being looked into. I will ask my right hon. Friend the Secretary of State for Health to write to my hon. Friend.

Pete Wishart (Perth and North Perthshire) (SNP): The hon. Member for Manchester, Blackley (Graham Stringer) has secured a debate on the Barnett formula

next week, when no doubt we shall hear the usual nonsense about relative spending in the United Kingdom. Given the finding by Oxford Economics that there is more public spending per head in London than in Scotland, surely we should debate the matter on the Floor of the House and put to bed once and for all the nonsense peddled by the Conservatives about subsidy and Scotland.

Ms Harman: As the hon. Gentleman said, there will be a debate on the Barnett formula in Westminster Hall next week.

David Taylor (North-West Leicestershire) (Lab/Co-op): I strongly endorse what was said by the right hon. Member for Islwyn (Mr. Touhig).

Forty-five days ago, we raised the minimum legal age for purchasing tobacco products to 18. Can the Leader of the House tell us whether, if any of those who entered today's ballot for private Members' Bills are successful, the Government will back the sentiments of early-day motion 235, introduced by my hon. Friend the Member for Brent, South (Ms Butler)?

[That this House welcomes the increased legal minimum age of sale for tobacco products from 16 to 18 years of age; notes that, according to a recent survey by the British Retail Consortium, retail crime has increased by 50 per cent.; notes retailers' concern that they may face intimidation or violence as a result of the change and that smaller independent retailers are at greatest risk; further notes that fixed penalty notices can be issued to those under the age of 18 years who attempt to buy alcohol; considers that if it was an offence for those under the age of 18 years to attempt to purchase tobacco this would act as a deterrent to children from doing so and relieve pressure on shop owners and reduce potential violence; and calls upon the Government to bring forward proposals to bring into line the legal penalties for the attempted purchase of tobacco with that of alcohol as well as increasing support in all areas for under 18s to quit smoking.]

I tabled an amendment, early-day motion 325A1, which reads:

after 'proposals', insert 'both to ban cigarette vending machines from which under 18s can buy tobacco products and'.

The amended motion envisages the creation of an offence of attempting to purchase tobacco under 18—similar to the existing offence involving alcohol, and attracting a fixed penalty notice—and the banning of cigarette vending machines, which constitute a way of overcoming the important public health legislation introduced on 1 October.

Ms Harman: I pay tribute to my hon. Friend's persistent campaigning for better public health, which is ensuring that there is less damage to the health of people who take up smoking and continue to smoke. I will draw his comments to the attention of my right hon. Friend the Secretary of State for Health.

Mr. Desmond Swayne (New Forest, West) (Con): The interpretation of new driving licence regulations involving minibuses in a way that was never intended in the legislation may have disastrous consequences for the ability of schools to field teams and provide sports, extra-curricular activities and, indeed, other types of activity. Is there any prospect of a debate on that?

Ms Harman: I will bring the issue to the attention of my right hon. Friend the Secretary of State for Children, Schools and Families as well as that of my right hon. Friend the Secretary of State for Transport, but the hon. Gentleman could also make it the subject of an Adjournment debate.

Mr. Ben Wallace (Lancaster and Wyre) (Con): Will the Leader of the House find time for a debate next week on the impact of unnecessary bureaucracy on farmers? My constituent Mr. John Collinson, who has farmed for 40 years, is now having to attend a course on how to put a trailer on the back of a Land Rover and another course on how to drive cattle from one side of his yard to another. Such bureaucracy imposes an unnecessary burden on a struggling industry, and I hope that the Government will give priority to a debate on it.

Ms Harman: I will bring the hon. Gentleman's comments to the attention of my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs. Let me add, however, that one of the most important causes of increased record-keeping among farmers is the importance of public health and disease prevention, and we must ensure above all that that continues.

Richard Ottaway (Croydon, South) (Con): May I echo the request by the shadow Leader of the House for a debate on the Government of all the talents? Lord West, probably one of the finest naval officers of the post-war years, told the truth and was then undermined by the Government. Lord Drayson has gone racing, Lord Darzi is part-time, Lord Malloch-Brown has confused everyone and Lord Jones will not vote. The only person who has come out of this with any credit is my hon. Friend the Member for Newark (Patrick Mercer), who had to tell the Government what to do.

Ms Harman: I will not be suggesting that as a topic for debate. As the House will know, the question of ministerial appointments is a matter for the Prime Minister.

Robert Key (Salisbury) (Con): Please will the Leader of the House ask the Minister with responsibility for roads to come to the House on Tuesday and make a statement on the A303 Stonehenge upgrade project? Twenty-one years ago, when the Leader of the House and I were fresh young Members, it was identified as a flagship project. Ten years ago the Culture, Media and Sport Committee branded Stonehenge a national disgrace, and there was a public inquiry. Three years ago the inspector submitted a report to Ministers, but a decision has not yet been announced. We need an announcement, not just for the benefit of my constituents who regularly experience gridlock but for the benefit of the whole economy of the south-west and, above all, for the sake of the heritage aspect of Stonehenge. It is a world heritage site. If we do not get a decision soon we shall have years more dither, and we cannot afford that as a nation.

Ms Harman: I remind the hon. Gentleman that he and I are still only approaching our prime. As for the A303, the Department for Transport is considering it. No doubt the hon. Gentleman has made representations which the Department is considering sympathetically.

John Bercow (Buckingham) (Con): Early-day motion 279 is entitled "Scope's no voice, no choice campaign".

[That this House notes the significant difficulty many disabled people with communication impairments face in getting the Augmentative and Alternative Communication (AAC) equipment they need to communicate; further notes that as many as 600,000 people in the UK could benefit from access to AAC equipment; further notes that without the means to communicate people cannot express themselves freely, discuss ideas or make choices, which severely limits their life chances; further notes that freedom of expression is a fundamental right enshrined in the Human Rights Act 1998; regrets that access to AAC equipment remains a lottery for most people based on age, postcode and education status; further regrets that 23 per cent. of respondents to Scope's recent No Voice, No Choice survey had not had an assessment of their communication needs before they were 16 years old; further regrets that over one quarter of respondents to the same survey had to pay for equipment themselves or ask a charity because they could not get their equipment funded by a statutory agency; and calls on the Government to recognise communication as a fundamental right and ensure that people with communication impairments of all ages get the AAC equipment and support they need so they can lead more independent lives, access work, leisure and education opportunities and fulfil their potential as full citizens.]

May we please have a debate in Government time on the Floor of the House next week on the provision of alternative and augmentative equipment for those with communication impairments who need such equipment? Given that Scope and others have estimated that approximately 600,000 people in the country could benefit from such equipment, given that 23 per cent. of people who need it are not assessed for it until they reach the age of 16, and given that more than a quarter of deserving cases cannot obtain statutory funding for such aids and must therefore either pay for them themselves or secure charitable support, is it not high time that we had a debate on how we can improve provision so that people who are in desperate need can lead independent lives, gain access to education, work and leisure and have the opportunity to realise their full potential?

Ms Harman: The hon. Gentleman has just demonstrated that he is one of the talents. He has proved the point that we want to listen to people with deep convictions, a great deal of experience and something to contribute to the Government's work. I will bring his serious and important points to the attention of my right hon. Friend the Secretary of State for Work and Pensions, as I know the hon. Gentleman does himself.

Mr. Peter Bone (Wellingborough) (Con): Kettering hospital, which my constituents must attend, has the worst rate of Clostridium difficile in the country. Their chance of contracting it is three times the national average. Unfortunately one of my constituents caught the infection on going into hospital, and died some months later. When the relatives went to register the death, the registrar wanted to put something other than C. difficile on the death certificate. When the relatives queried it, the registrar said, "We do not like to put it down because it makes our figures look bad." May we have a debate in Government time—while the Leader of the House is still in her prime—on the fact that the Government seem to be fiddling the figures rather than dealing with the underlying problem?

Ms Harman: An Opposition day debate on hospital-acquired infections will take place next week, and no doubt the hon. Gentleman will be able to raise those points then.

Mr. Philip Hollobone (Kettering) (Con): Could one of the early topical debates be on housing expansion and infrastructure, concentrating on the lack of co-ordination between the Department for Communities and Local Government and the Department for Transport? The Government's housing expansion programme for the borough of Kettering envisages the building of 13,100 extra houses by 2021, increasing the local population by a third; yet last week the Highways Agency confirmed that it would issue proposals to restrict local vehicular access from Kettering to the A14, which is the main road through my constituency.

Ms Harman: I will take that as a suggestion for a subject for next week's topical debate. Should I choose it, I imagine that we would hear many Labour Members concerned to ensure that there is more affordable housing to rent and to buy so that people can have the housing they want to meet rising expectations. I would also expect Opposition Members to say that they did not want any extra housing, with the Opposition Front Bench saying different things depending on what day of the week it was.

Mr. Mark Harper (Forest of Dean) (Con): The Leader of the House will know—I wrote to her last week with the information—that the performance of Government Departments in answering named day questions varies; some are very good, some are very poor. The Ministry of Defence and the Department for Work and Pensions are particularly appalling. The MOD answers only 22 per cent. of named day questions on the due date and the DWP answers only 30 per cent. Mr. Speaker, I know the importance that you attach to Ministers answering questions from hon. Members on a timely basis. What action will the Leader of the House take to get her more recalcitrant Government colleagues to pull their socks up and treat this House with courtesy and respect?

Ms Harman: The hon. Gentleman raises an important point. I thank him for the information that he has brought to my attention, which I shall raise forcefully with my ministerial colleagues. The whole point of this House is to hold the Executive to account. Ministers do not operate on their own behalf; they operate in the public interest and are accountable to this place for what they do. Parliamentary questions are very important in that respect, and I shall take forward the hon. Gentleman's points.

Points of Order

12.11 pm

Justine Greening (Putney) (Con): On a point of order, Mr. Speaker. Earlier in business questions, the Leader of the House said that my London borough has more police officers now than it did in 1997. I have just had time to go and check. May I refer her to a parliamentary question from the hon. Member for Vauxhall (Kate Hoey)—

Mr. Speaker: Order. I am going to stop the hon. Lady. She should remember that I was an Opposition Back Bencher, and the one thing she will learn is that you are sometimes disappointed by the answers that Ministers give. *[Interruption.]* No, it is not the done thing to raise a matter as a point of order because you are unhappy with the reply. If the wrong information was given, there are other ways of dealing with it.

Mrs. Theresa May (Maidenhead) (Con): Further to that point of order, Mr. Speaker. The matter is whether the Leader of the House gave correct information to this House. The Leader may have inadvertently—

Mr. Speaker: Order. The right hon. Lady has more experience than the young Back Bencher; I do not want to be patronising. Ministers give replies in good faith and I will not allow an hon. Member who feels that information is wrong to use points of order. There are other ways to raise these matters. I do not wish to prolong the matter—*[Interruption.]* I hope that the right hon. Lady is not challenging me. I am in a good mood today and I do not want to be in a bad mood.

BILLS PRESENTED

Housing and Regeneration

Secretary Hazel Blears, supported by the Prime Minister, Mr. Chancellor of the Exchequer, Secretary Des Browne, Secretary Hilary Benn, Mr. Secretary Hutton, Yvette Cooper and Mr. Iain Wright, presented a Bill to establish the Homes and Communities Agency and make provision about it; to abolish the Urban Regeneration Agency and the Commission for the New Towns and make provision in connection with their abolition; to regulate social housing; to enable the abolition of the Housing Corporation; to make provision about sustainability certificates, landlord and tenant matters, building regulations and mobile homes; to make further provision about housing; and for connected purposes. And the same was read the First time; and ordered to be read a Second time on Monday 19 November, and to be printed. Explanatory notes to be printed [Bill 8].

Health and Social Care

Secretary Alan Johnson, supported by the Prime Minister, Mr. Chancellor of the Exchequer, Secretary Jacqui Smith, Secretary Des Browne, Mr. Secretary Hutton, Mr. Secretary Hain, Secretary Hazel Blears, Secretary Ed Balls, Mr. Secretary Woodward and Mr. Ben Bradshaw, presented a Bill to establish and make provision in connection with a Care Quality Commission; to make provision about health care (including provision about the National Health Service) and about social care; to make provision about reviews and investigations under the Mental Health Act 1983; to establish and make provision in connection with an Office of the Health Professions Adjudicator and make other provision about the regulation of the health care professions; to confer power to modify the regulation of social care workers; to amend the Public Health (Control of Disease) Act 1984; to provide for the payment of a grant to women in connection with pregnancy; to amend the functions of the Health Protection Agency; and for connected purposes. And the same was read the First time; and ordered to be read a Second time on Monday 19 November, and to be printed. Explanatory notes to be printed [Bill 9].

TOPICAL DEBATE

Immigration

12.14 pm

The Minister for Borders and Immigration (Mr. Liam Byrne): I beg to move,

That this House has considered the matter of immigration.

Mr. Speaker, I am very grateful for the opportunity to open this debate and to break some new ground in the modernisation of this place. As the House will imagine, I was delighted to be informed by my right hon. Friend the Leader of the House earlier this week that I would have the honour of opening this debate. I think that we can say with a rare degree of confidence that this afternoon's debate is certainly a question and is certainly topical.

I am delighted that the hon. Member for Ashford (Damian Green) is to answer for the Opposition. We are fast becoming pioneers of constitutional innovation; I reject the label "guinea pig". Both of us saw the UK Borders Act 2007 through one of the first public evidence sessions at Committee stage. I can assure the House that although a Conservative, the hon. Member for Ashford gives an excellent impression of being someone comfortable with the modern world. Indeed, that is one of the reasons why he is such a successful deputy to the right hon. Member for Haltemprice and Howden (David Davis).

I do not plan to detain the House for long, as today is an opportunity for us to hear from right hon. and hon. Members about one of the most important questions in public life today. I will confine my remarks to a few points. Eighteen months ago my right hon. Friend the Member for Airdrie and Shotts (John Reid) provided the House with one of the more memorable analyses of what he felt he found in a Government Department. He later asked me to lead a programme of reform, which is now beginning to deliver results. My right hon. Friend said at the time that change would not be instant, but nevertheless reform of migration control was essential and achievable. He said at the time that

"there are problems that can be resolved but I do not pretend to you that they are going to be resolved quickly."

A year and a bit on, I believe that we are beginning to see some of these reforms bear fruit. We are around 100 days away from the introduction of a points system for migration control, which means that only those whom this country needs will be able to come and work and study.

Mr. Frank Field (Birkenhead) (Lab): My hon. Friend says that the points system will control the numbers of people coming into this country. I should have thought that there was huge support among voters for that strategy. However, it will do nothing about the numbers coming from the new accession countries. What plans do the Government and our colleagues in Europe have to try to control the mass movement of people here from those countries? How many people does he estimate will come from the accession countries over the next few years?

Mr. Byrne: I have learned not to make projections about future numbers, but my right hon. Friend will know that where it is possible for us to impose restrictions on new accession countries, we plan to use the powers that we have under the different EU treaties. That is the decision we took when we renewed our policy towards Bulgaria and Romania.

When we set the points score for migrants, we will listen to independent advice on where in the economy we need migration and where we do not, and on the wider impact of migration. Both the independent committees are now fully up and running. Once policy is set, it is vital that that policy be enforced. It is for that reason that today about half the world's population now need a fingerprint visa to come to the UK. Yesterday we signed contracts for systems that will, in time, screen all travellers against no-fly lists and intercept lists. At our borders from January, a unified border force will deliver tougher policing of our airports and ports, as the Prime Minister set out yesterday. Following Royal Assent a week or two ago to the UK Borders Act, and in addition to the Terrorism Act 2000, that force will have the powers it needs from the outset.

Mr. Desmond Swayne (New Forest, West) (Con): Will the Minister review his stated reluctance to enter into any kind of estimate of future numbers? Surely it is the case that if we cannot count them, we certainly will not be able to control them.

Mr. Byrne: I shall talk about numbers in rather more detail in a moment and I hope that the hon. Gentleman will take the opportunity to intervene again; indeed, I may pose him one or two questions during my remarks.

Backing the border force are the immigration police, equipped with greater resources but also prioritising the removal of those most harmful. We are beginning to see the results. About 180,000 people whom we believe have no right to come to Britain have been taken off planes from around the world over the last five years; that is about two jumbo jets a week. The tests of our border screening systems have already triggered alerts, resulting in 1,200 arrests. In 2006, we removed nearly 3,000 foreign national prisoners, the highest figure on record. In 2006, we removed more than 16,000 failed asylum seekers, more than the number of unfounded claims made—that is about one every half an hour, 24 hours a day. We are now resolving asylum cases faster than ever before; about 40 per cent. of asylum cases are now resolved in just six months, compared with the extraordinary spectacle of two years just to make an initial decision back in 1997.

Mr. Peter Bone (Wellingborough) (Con): Is the Minister aware of something that happened in Northampton a few weeks ago? A lorry driver discovered people trying to get into the country illegally in the back of his lorry. That was reported to the police, but all that happened was that they were told to get on a train and go to Croydon. Is that an example of the Government controlling illegal immigration?

Mr. Byrne: That practice is unacceptable, and it is precisely why we are now putting together agreements with police forces up and down the country. It is also why we are putting in place extra resources for in-country immigration policing. I must tell the hon.

Gentleman, however, that when I moved the motion through this House to increase visa fees overall by £100 million in order to strengthen the resources that our immigration police had at their disposal, his party decided to abstain. I thought at the time that that was surprising—but sometimes we witness surprising things in the House and in such debates.

John Bercow (Buckingham) (Con): I am grateful to the hon. Gentleman for giving way—I almost referred to him as "the right hon. Gentleman" as I thought that that might be his correct title, but if that is not the case yet I assure the Minister of State that it is only a matter of time. In his enthusiasm to secure the removal of failed asylum seekers he must be very careful indeed, not least when dealing with people who have come—I would say "fled"—to this country from Darfur. In light of the evidence collated by both the Aegis Trust and the Medical Foundation for the Care of Victims of Torture, it is dangerous for the Government rashly to assume that although it certainly might be unsafe to return a Darfuri asylum seeker to Darfur it is somehow safe to do so to Khartoum. These people are at risk of imprisonment, torture, death or a grisly combination of all three.

Mr. Byrne: I am genuinely grateful to the hon. Gentleman for making that remark. He has consistently raised the matter with me, and he will know that it was the subject of a court case in another place yesterday. The judgment was that in certain circumstances it might well be safe to return people to parts of Sudan. However, that is no substitute for giving careful and individual attention to the specifics of any case, and we will continue to operate that policy. I hope that we shall debate this matter again.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): I wish to draw the Minister's attention back to a point that he made just before the intervention of my hon. Friend the Member for Buckingham (John Bercow). He said that extra funding had been allowed for the police to compensate for migrants moving into areas. Will the Minister undertake to ensure that the figures used for taking such account of areas are up to date? In my county of Cambridgeshire the chief constable, Julie Spence, has gone on record to say that the figures the Home Office are using in respect of paying for police officers are out of date and inconsistent with the much larger number of people in the county now as a result of immigrants moving into the area.

Mr. Speaker: Order. I remind Members that their interventions must be brief.

Mr. Byrne: As the hon. Gentleman knows, I welcomed Julie Spence's comments. She helpfully said that migrants had been the powerhouse behind some of the economy in Cambridgeshire such as agriculture and some other services. My right hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing will have more to say on that when settlements for the police are announced later this year.

I wish to contrast this Government's policy with the Conservative party's absence of policy in some regards. Its policy is benighted by two simple problems: there are no figures and there is no force. Let me start with the figures. In January 2005, the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) said that he would limit the number of refugees coming to Britain. In December 2005, the hon. Member for Ashford said, which I welcomed:

"We will be looking at that again".

Needless to say, that policy disappeared from sight. The idea for an overall cap then emerged. The details were not very clear, but the hon. Gentleman was quoted in *The Observer* on 12 August this year as saying that the proposed cap would apply only to

"economic migrants from outside the EU".

The right hon. Member for Witney (Mr. Cameron) repeated that on 29 October. That can only mean one thing: it will apply only to migrants from outside the EU coming to the UK primarily for work-related purposes.

In the absence of specifics from the hon. Gentleman, I asked the Office for National Statistics to tell me exactly what this would mean. Based on the international passenger survey for 2005, the ONS estimates that only approximately 23 per cent. of foreign nationals who came to the UK in 2005 for a year or more indicated that they were non-EU citizens and that the main reason for their stay was work-related. In other words, of the 496,000 who entered in 2005, 403,000 were either EU citizens or were non-EU citizens not coming for work-related reasons. They are presumably outside the cap. On that basis, it appears that the cap would not cover four out of five such people. The question of who is left is therefore a matter for debate. We can tell a little about them from the work permits that we issue. The following figures are for the year up to September 2006: 31,000 in IT, 20,000 in health, 17,000 in business and management and 13,000 in financial services.

The hon. Gentleman must answer this question: who will he stop coming to Britain? Is not the truth that his refusal to name a figure is a fig-leaf for the fact that there is almost no difference between us? Is there not in fact a consensus between us, which he is trying to deny?

Damian Green (Ashford) (Con): I understand why the Minister is desperate to pretend that he is adopting a Tory policy, as that is very fashionable in his Government. He has just been quoting figures from 2005. Is he therefore telling the House that, contrary to his assertion to the right hon. Member for Birkenhead (Mr. Field) that he will not make estimates, he is assuming that the level of immigration to this country from inside the EU in 2005 will be the permanent level of immigration from inside the EU? If the Minister is assuming that, I suggest he is wrong; it is extremely unlikely that the enormous influx that we experienced from Poland and the other A8 countries—the accession countries—in 2005 will be the normal level of immigration from inside the EU. I assure him that under a Conservative Government, who would insist on transitional arrangements for all new EU member states, it would not be that high.

Mr. Byrne: We have put in place transitional arrangements for Bulgaria and Romania, and I think that the hon. Gentleman supports that policy. The right hon. Member for Witney clearly said on 29 October that

[Mr. Byrne]

"what matters is the net figure".

Today's figures show that the net balance is down again; it is 191,000. The right hon. Gentleman said it would be much higher. This is the second year in a row in which it has declined. My point is simple: what is the hon. Gentleman trying to hide by refusing to name a figure?

There is a second, and equally important, point. In addition to the absence of a figure, there is an absence of force. It is crucial for migration control in the future that we have biometric identification of foreign nationals coming to this country, so that we can screen them before they come, and make it possible to check them when they are here. I thought we agreed on that. The hon. Gentleman said in the Committee on the UK Borders Bill that

"there is no difference on either side of the Committee in our recognition of the need to combat illegal working. If the new documents"—

ID cards for foreign nationals—

"are to prove useful in doing so we have no objection to them."—*[Official Report, UK Borders Public Bill Committee*, 8 March 2007; c. 238.]

Imagine my surprise when I read in the fine print of a press release from a colleague of the hon. Gentleman that the start-up costs of the ID card system for foreign nationals would be among the cuts the Tories would make. At this year's Conservative party conference, the Tories said they would cut the set-up costs of ID cards for foreign nationals—some £40 million in 2008-10. I shall give way to the hon. Member for Canterbury (Mr. Brazier) in the hope that he might be able to help me understand this.

Mr. Julian Brazier (Canterbury) (Con): Will the Minister confirm that total net immigration is broadly equivalent to the number of people coming in now thanks to the unprecedented number of work permits issued—that is work permit holders and their families—and that non-EU work permit holders make up the whole of net immigration? Can he explain why some of the countries with the highest number of work permits—Pakistan is an example, although many people from that country make a great contribution—have exceptionally high levels of inactivity, according to both ONS and International Labour Organisation figures?

Mr. Byrne: The hon. Gentleman will recognise the need to distinguish between those coming here for work, those coming to study and dependants. According to what the ONS said this morning, a quarter of the inflow is students; I assume that they are outside the cap, but perhaps the hon. Gentleman can enlighten us. I do not think that the Conservatives are proposing reintroducing the primary-purpose rule, but I should be interested to know whether dependants will be inside or outside the cap.

Mr. Brazier: Will the hon. Gentleman give way?

Mr. Byrne: In the interests of time, I shall move on; I have only one minute left.

I want to strike a final note of consensus and to do something unusual for a Minister—I want to congratulate the Conservatives on some of their principles. It was welcome that they insisted that their candidate for Halesowen and Rowley Regis step down. It was wrong for him to say that Enoch Powell was right, and the House will know, as I discovered by reading *The Birmingham Post* last week, that much of that speech was completely unacceptable. Comparing our immigration policy with

"a nation busily engaged in heaping up its own funeral pyre"

is something that we need to remove from British politics. I hope that the hon. Member for Ashford will join me not only in applauding the Conservative candidate's resignation, but in condemning his remarks. Will he join me in rejecting the arguments of Enoch Powell and in sending a clear message to this House and beyond that the days of the politics of—

Mr. Speaker: Order. I call Damian Green.

12.32 pm

Damian Green (Ashford) (Con): I, too, am delighted by the innovation of the topical debate, and I am further delighted that in the first such debate we have the opportunity to discuss this week's scandal surrounding the Home Office and immigration. My only fear is that if this becomes the slot in which we discuss the Government's worst mistake of the week, the Minister for Borders and Immigration and I might get more than our fair share of opportunities.

Tony Baldry (Banbury) (Con): Is not one of the tragedies of all these scandals that no one ever says sorry? The National Audit Office has just discovered that the Home Office wasted £33 million on an asylum centre at Bicester that was never built; no brick was laid and no sod was turned. No Minister has said sorry, no one has resigned and £33 million has been totally wasted. There is scandal after scandal and no one apologises.

Damian Green: My hon. Friend is exactly right. The Bicester scandal would doubtless have made a good topical debate in the week when it happened—all of about three weeks ago. However, we have of course moved on to new Home Office fiascos, for which I am sure no one will ever apologise.

I do not want to spend all my time on the events surrounding the Security Industry Authority cover-up. However, I am slightly surprised that the Minister did not devote one second of his speech to the topical issue of the day relating to immigration, preferring instead to delve—in a very welcome way—into Conservative policy, which he would of course like to adopt, in the mode of this Government. One or two aspects of this week's scandal have emerged since Tuesday that the House should be made aware of. As the Minister knows, there are two big questions: did the Home Secretary behave competently, and was she open and honest with this House and the public?

Let me take the second question first by quoting what the Home Secretary told the House on Tuesday:

"My approach was that the responsible thing to do was to establish the full nature and scale of the problem and to take appropriate action to deal with it, rather than immediately to put incomplete and potentially misleading information into the public domain."

In other words, she was only waiting until she had the full facts before publishing them. I do not think that that is an unfair characterisation of what she told us; she said that, when she could tell us the facts, she would.

What are we to make, therefore, of one detail of the documents published on Tuesday that has been neglected? In paragraph 22 of a document dated 30 August and written by Mr. Peter Edmondson of the policing policy and operations directorate, he says:

"Press Office do not recommend any sort of public announcement on this, as the full extent of the number of illegal workers with SIA licences is not yet known and there has been no failure in the system. Instead they propose to use reactive lines should this issue ever come to light."

That is not the response of a department waiting to collect information before publishing it;

"should this issue ever come to light"

is a phrase used by a department that was hoping that it could keep the whole situation out of the public domain permanently. I do not want to stray over the boundaries of permissible parliamentary language, but the memo reveals that the Home Secretary was not being fully candid with the House when she said on Tuesday that she did not want

"immediately to put incomplete and potentially misleading information into the public domain."—[*Official Report*, 13 November 2007; Vol. 467, c. 532.]

She hoped that she would never have to put anything in the public domain, and she has been caught out.

Mr. Chris Mullin (Sunderland, South) (Lab): What is the point of the leader of the hon. Gentleman's party calling now and again for a mature debate on immigration if Front-Bench spokesmen—and, indeed, many Conservative Back Benchers—continually leap on every passing tabloid bandwagon? I hope that the hon. Gentleman will find some time in his speech to address the big picture.

Damian Green: I am disappointed that a former Chairman of the Home Affairs Committee does not think that a Home Secretary covering up a scandal in her Department is a serious matter for public debate. It is perfectly clear that she wished to evade any kind of public responsibility for, and public debate about, a use of illegal immigrant workers in areas of the utmost national sensitivity. If the hon. Gentleman does not think that a serious issue that this House should debate, he is just wrong. I also refer him to the letter that the Home Secretary has now placed in the Library of the House, which contains—

Lyn Brown (West Ham) (Lab): Could the hon. Gentleman let me know whether he is going to debate immigration today? If he is, I am happy to stay and listen; if he is not, I have letters to sign.

Damian Green: I am terribly sorry that the hon. Lady has been kept from her letters by the discussion of a scandal affecting one of the big Departments of a Government whom she purports to support. She would benefit from listening to what the Security Industry Authority said to the people whom it was dealing with in August:

"If you use security operatives to protect your premises or your people, then there is a risk to your operations and to your reputation if you do not take steps to review the situation. The risk could be at the level of incompetent security or poor reputation if illegal workers are discovered on your premises. However, it could be that your defences against crime or terrorist action are compromised."

That is one of the most serious messages that could have gone out. The Home Secretary told us on Tuesday that the Metropolitan police had said that there was no compromising of security in the various buildings affecting it, or, indeed, in the compound with the Prime Minister's car in it. That is clearly contradicted by what the SIA was telling people. Even worse, the Home Secretary has still refused to publish a list of the sites where security might have been compromised. More to the point, what has been done to correct this?

The Home Secretary asked us on Tuesday to judge her on her actions, rather than her words, but that is impossible if she will not tell us what the effect of her actions has been. Perhaps the Under-Secretary of State for the Home Department, the hon. Member for Hackney, South and Shoreditch (Meg Hillier), who is winding up the debate, can address some of the questions that the Home Secretary declined to answer on Tuesday. The Home Office has now had 48 hours to get its story straight, so perhaps it can address those questions. How many more illegal workers were guarding Government buildings or other critical national infrastructure? Can the Minister guarantee that no illegal worker is still guarding any Government, police or military building or any other part of our critical national infrastructure? How many of the 5,000 illegal workers identified have been caught, and how many have been removed from this country? Until Home Office Ministers answer those questions in this House, the public will know that they can have no confidence that Ministers have solved this problem. The fact that they have spent the past four months trying to hide its extent suggests that they are more concerned about saving their own skins than protecting this country's security.

The background to all this is the long-term failure of this Government's immigration policy. The Minister for Borders and Immigration is a good man in a bad Government. His predecessor summed up the ineptitude of the Government's policy when he stood at that Dispatch Box and accused me of playing the numbers game with immigration. This Minister is at least bright enough to recognise that immigration is a numbers game. Numbers matter in immigration, and they have been out of control under this Government. The key fact that they have missed over their 10 years in power is that even if immigration is economically beneficial, which broadly speaking it is, if it runs at too fast a rate it can cause stresses and strains. In recent weeks, I have seen examples of that in places as far removed from each other as inner-city Bristol and Boston in rural Lincolnshire. We have heard the same stories of schools finding it difficult to cope with children who arrive unable to speak English and of communities—many of them established ethnic minority communities in this country—that are made uneasy by the pace of change around them.

Mrs. Ann Cryer (Keighley) (Lab) *rose*—

Damian Green: I shall give way to the hon. Lady, who has a very distinguished record in this field.

Mrs. Cryer: The hon. Gentleman is talking about keeping down numbers. In the exchanges during the opening remarks of my hon. Friend the Minister for Borders and Immigration, mention was made of the primary-purpose rule. Does the hon. Gentleman intend to reintroduce it if and when the Conservatives are eventually re-elected?

Damian Green: The straight answer to a straight question is that we do not. We have suggestions for improving the position, particularly on forced marriages—an issue that I know deeply concerns the hon. Lady—and I shall come on to those in a minute, because I want to spend some time discussing our policy, although, unlike the Minister, I do not want to spend all my time doing so.

Mr. Bone: Wellingborough has an extremely complex mixture of races and religions. It works exceptionally well, but tension is beginning to arise because of the numbers coming in from the European Union. I am concerned that the extreme parties will move in to exploit the situation unless politicians from the main parties start talking about the matter. Is not this debate a good example of how we should proceed?

Damian Green: I agree. One of the things that I suspect would unite the Minister and me is the idea that if mainstream politicians do not talk about immigration, we leave the field clear for extremist politicians. We must not do that. I am delighted that this House is having this debate now, because many of the underlying tensions that extremist parties seek to whip up are about the rate of change being too high. It is too high and it is accelerating. The Government have recently had to increase their long-term projection of net annual immigration from 145,000 a year to 190,000 a year. Today, we received figures confirming that. More than two thirds of the total increase in our population is due to immigration. Net immigration means that we need to build more than 70,000 new houses every year in addition to those that we need for other reasons, such as longer life expectancy and an increasing number of family breakdowns.

Immigration is about more than economics, although we must be clear about the economic effects. As I said a few minutes ago, they are generally positive, but the impact is different for different groups of people.

Jeremy Wright (Rugby and Kenilworth) (Con): Will my hon. Friend give way?

Damian Green: In a second.

One of the most dishonest and irresponsible phrases mentioned in this debate has been used repeatedly by the Prime Minister:

"British jobs for British workers."

The Minister cited Enoch Powell. I simply point out that the most Powellite use of language that we have recently heard on this subject came from the Prime Minister. I hope that the Minister and many of his colleagues who are present are ashamed to belong to a party whose leader uses phases such as that one, not least because the Prime Minister knows that it is meaningless. If a firm in this country advertised, "British jobs for British workers", it would be prosecuted. It is a promise that he cannot possibly fulfil.

The Government are being simplistic on this subject because of their policy's failure over such a long period of time. They have had to resort to ever-tougher rhetoric. I am afraid that the gap between the rhetoric and the reality of the chaos in the immigration system that people see in their daily lives leads to precisely the sort of position in which extremist politicians and politics can flourish. The Government should be ashamed of their performance on immigration over 10 years.

Sammy Wilson (East Antrim) (DUP): The hon. Gentleman rightly highlighted the demands that immigration is making on this country's resources, such as housing and schools. The pressure is now being felt in Northern Ireland. Yesterday, the Select Committee on Northern Ireland Affairs visited Belmarsh prison, where officers are doing a magnificent job in extreme circumstances. As 25 per cent. of the prison's population are not even able to speak English, because they are foreign nationals, immense pressure has been put on its resources, as has probably been the case in prisons across the United Kingdom. That is another factor that needs to be considered.

Damian Green: The hon. Gentleman makes a powerful point. The Government's policy has failed. In the face of that failure, the Conservatives have made proposals designed to produce a balanced immigration policy, seeking to capture the economic benefits while minimising the strains.

Keith Vaz (Leicester, East) (Lab): What are they?

Damian Green: The Chairman of the Select Committee on Home Affairs should listen to his own Minister, who spent his entire speech talking about our policy. We believe in a cap on economic migration from outside the EU. We should have transitional controls on migration from any new EU entrants. Such controls are allowed by the EU treaties and we are using them to regulate the flow of new migrants from Romania and Bulgaria. It was a mistake for the Government not to follow France and Germany's example of using this transitional measure when the eight central European countries entered the EU in 2004. Anyone who comes to the UK from outside the EU to be married should be at least 21 and should have some command of English. To enforce controls against illegal immigration, we should set up a proper unified border force combining the police, the immigration service and Customs so that we have an effective, specialist force. This is a balanced set of proposals, with no hint of alarmist language and no sense of pulling up a drawbridge. They would restore public confidence and improve community cohesion.

Let us contrast that with the current position. The Prime Minister promised us a new style of government. He said that his Government would be frank, candid and competent. Instead, we have a Home Secretary who this week has been exposed as shifty, evasive and incompetent. The immigration system is failing, the Home Office is still not fit for purpose and the Government's reputation is deservedly in tatters.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The House will understand that we are on an experimental journey with the first of these topical debates. The powers of the Chair to alter the time limits come in very handy at this moment, so I propose that instead of the 12-minute limit on Back Benchers' speeches, we will have a 10-minute limit. Hopefully, that will accommodate all those who are seeking to participate. I refer to those from whom I have had notice that they are seeking to participate, because there is a distinction.

12.48 pm

Keith Vaz (Leicester, East) (Lab): Thank you, Mr. Deputy Speaker. I am delighted to be taking part in your experiment this afternoon.

It is always a pleasure to follow the hon. Member for Ashford (Damian Green). I think that he spent nine minutes on Government policy and about 30 seconds on setting out Conservative party policy. It did not include the identity of the island that will be the offshore centre for the processing of immigration cases under a Conservative Government. Perhaps we should wait for the winding-up speeches for that.

We all lavish the Minister with praise and think that he is a wonderful man. I believe that he was described as a good Minister in a bad Government. I think that he is a nice man in a tough job. He is not all that nice, though: I have found him to be pretty tough in dealing with immigration cases, and certainly with the ones I have brought to him for consideration. I sometimes think that he considers the word "discretion" to be some kind of perfume by Chanel rather than a ministerial power. He certainly has not exercised it very often when I have come to him with cases that I believe to be important, but I suppose that that is the nature of his job.

The Conservative spokesman, the hon. Member for Ashford, was right to point out the problems that the Government have had, and everyone acknowledges that there are problems with certain aspects of immigration policy. This week, the Home Secretary gave us a full explanation about the Security Industry Authority, in which she set out the steps that she and Ministers have quite properly taken to ensure that the problem will be resolved by Christmas. The hon. Gentleman said that some questions remain unanswered, but that is wrong. The relevant questions have been answered, and any that remain must be answered only after all the facts have been considered in full.

I am pleased that the Minister is to give evidence to the Home Affairs Committee on 27 November. As well as considering Romania and Bulgaria, we shall pursue with him the question of how the Government have handled the SIA's employment of illegal immigrants. We shall also consider the problem with the figures—to be fair, they were produced by the Department for Work and Pensions and not the Home Office—that recounted that about 300,000 people were not on the official register of those who had come to this country to work.

We will also consider the most recent developments on eastern European migration to this country. The Conservative party participated in the all-party support for the enlargement process over a number of years, and it also claims to have supported the Nice treaty. How sad, therefore, that it should be so critical of the large number of eastern Europeans who have quite rightly taken advantage of treaty obligations to come to this country.

I ask the hon. Member for Ashford to have a word with the hon. Member for Hammersmith and Fulham (Mr. Hands) about the wonderful relationship that he has developed with his eastern European community in west London. A recent Home Office report showed that the contribution of migration, especially from the A8 countries, had boosted the British economy. That is why I am glad that we took the decisions that we did in 2004, as those people are most welcome in this country. I am disappointed, of course, about Romania and Bulgaria, but on 27 November we will hear from the Minister why he came to those conclusions. We will also hear from the Romanian Minister for Europe about that country's views on the subject.

The figures are serious and need to be examined, but we must consider immigration in a balanced and non-hysterical way. I am sorry that, every time the matter comes up, the Opposition try to hype it up as though vast numbers of people were coming into the country. As the hon. Member for Ashford knows, Government immigration rules still make it very difficult for people to come into the UK.

I commend the Under-Secretary of State for the Home Department, my hon. Friend the Member for Hackney, South and Shoreditch (Meg Hillier), on her proper and balanced performance on a recent "Newsnight" programme on immigration. She set out the facts and the Government's attempts to tackle illegal immigration very clearly.

If we both get the train, I shall meet the Minister for Borders and Immigration this afternoon—not in Jerusalem, but in Birmingham, where staff from the British high commission in India are going to talk about illegal immigration into the UK. They will seek the support of the stakeholders involved—community groups and leaders, and families—and their message will be that there is a better alternative to paying vast amounts of money to people traffickers in Amritsar. The people who do that are made to travel all the way through Asia and Europe before they enter this country, where they live in the shadows, unable to be proper members of society. I hope that that message is taken on board.

The Minister is right that there have been improvements over the past year. The Select Committee will examine those improvements in due course but, as my hon. Friend knows, I feel strongly that the Home Office is not doing enough to get the backlog down. It is wrong that it takes three weeks to get a reply from the director-general of the immigration service. It is now called the Border and Immigration Agency, but merely changing to a new name does not improve the efficiency of the service on offer to Members of Parliament.

In addition, it still takes too long to get a reply from my hon. Friend the Minister, who took four months to reply to a letter from me. That is wrong: he is right to be tough, but the process can be improved only if Members of Parliament are provided with information that they can readily give to their constituents so that they are satisfied. If people who wish to stay in the

[Keith Vaz]

country are told that they cannot do so, that response should be given quickly, at the very least. In that way, the people involved will be able to make the decisions that will genuinely affect their lives.

I turn now to the issue of foreign prisoners in our prisons, something that I have written to the Minister about. In one case, the prisoner involved left the country within a couple of hours of being released from prison, but we need to improve the system, so that prisoners who finish their sentences are on the plane back to their country of origin as quickly as possible. I do not want the House to believe that I spend all my time visiting prisons, but one governor, whose prison has a lot of foreign prisoners, gave me anecdotal evidence that paperwork from Lunar house and Apollo house was needed before people at the end of their sentence could be allowed to leave the country.

That shows that there is a problem when it comes to administrative efficiency. I am sure that the Minister goes into his office on a Monday morning and tears his hair out—I mean that imaginatively!—when he sees the list of questions and letters from Southall, West Ham and other places all over the country. In their surgeries, MPs are always asked, "Why is it taking so long?" and "When will they give us the time limit?" I am sure that my hon. Friend hears the same questions in his surgeries, but we are talking about being fit for purpose, and ensuring that the people who respond to such correspondence get the answers right.

Finally, I know that the Minister puts a great deal of faith in the points-based system, which he inherited rather than created. Although I do not share his optimism about the success of the scheme, I shall give him a degree of latitude and take it on faith when he says that it will work, but it will affect people who come here from outside the EU. As he knows from the recent work done by the EU presidency, the EU has a falling population. We need to look abroad, beyond the boundaries of Europe, if we are to sustain ourselves as the finest and largest single economic market in the world. That was the aim of the Lisbon agenda, but we cannot do that unless we have the people. Even enlargement, with Turkey coming in, will not solve that problem.

The points-based system discriminates against those who want to come from outside the EU. It means that we will still have problems with shortages of skills in restaurants, for example, and with getting chefs into this country. Those are the sort of specialist problems that I hope that the Minister will address. I know that he has his migration impact forum and a lot of advisers, and that he deals with the subject properly and seriously because of his constituency interest. All I ask him to do is to consider the evidence. If the system needs a bit of tweaking by the start of next year, I hope that he will look favourably on our suggestions and see whether we can improve it even further.

12.58 pm

Mr. Jeremy Browne (Taunton) (LD): It is a great privilege to take part in this first topical debate. The rules, as I understand them, are that everybody can speak for 10 minutes—unless they belong to the Liberal Democrat party, in which case they get six minutes. Labour and Conservative Members agree on the issue of immigration, as on many others, so it falls to me to make the liberal and enlightened contribution. Six minutes is long enough to do that.

This week has been particularly embarrassing for the Home Office, given the scandal about the SIA. The Government still need to make it clear why the Home Secretary did not take the opportunity on 8 October, when the House of Commons returned after the summer recess, to make the statement that she made earlier this week, but there is a wider point about the culture of the Home Office. It has legions of press officers who are paid for out of our taxes—people who could otherwise be employed as teachers or nurses, or in other parts of the public sector. However, they are being used and deployed not to reveal information to the public, but to conceal it. That is an extremely bad way for a Government Department to proceed.

European Union immigration has had a big impact on constituencies across the country. I depart from the Conservative party view on this. People often forget that there are huge mutual advantages to the arrangements. Many of our constituents choose to retire, say, to Spain, or their children choose to spend a gap year working in Paris. We should not forget that there are benefits to our constituents of arrangements with other EU countries, as well as benefits to us of having people from the new accession nations working in our communities.

In the constituency that I represent there are huge labour shortages, especially in unpopular areas of work such as in slaughterhouses and agriculture. It can be difficult to recruit people from the immediate community to work in those areas. However, people do not come to work only in relatively low-skilled jobs. People such as dentists have come from eastern Europe and are making a huge contribution to our society. If the Conservative party wants to keep all or a large number of the people from eastern European countries out of the UK, how much more does it estimate it will cost to have services such as plumbing provided? There has clearly been an increased supply of skilled labour from eastern Europe and if it were removed, that would have a detrimental impact on our constituents.

Many people in the community that I represent are extremely positive about the contribution that has been made by people from new accession countries. They think that they work hard and have made a genuine effort to integrate. I make a prediction here and now that if living standards increase significantly in eastern Europe—I hope that they do—there will come a point perhaps 10 years from now when people in constituencies such as mine will resent all the Polish people going back to Poland because they will leave us in the lurch in many parts of our local economy. The whole story will have been turned on its head.

I want to talk a little about the wider shame of what I heard the Conservative spokesman say. When I was growing up, the big issue of foreign policy was the cold war and how it could be brought to a conclusion. The British Government at the time—a Conservative Government—made a point of saying to countries such as Poland and Hungary, "We are on your side; we stand with you against the Soviet tyranny." But as soon as the Conservatives have an opportunity to demonstrate that in any meaningful terms, they

abandon those people altogether. Someone of my age was brought up with the assumption that the most access that we would ever have to Polish people would be fighting them in the third world war. How fantastic it is that instead Polish people are coming here within an enlarged European Union, sharing our values of democracy, belief in liberal free markets and freedom of speech and are living in our communities, making a contribution and filling labour shortages. What an enlightened change that is; what an amazing success of British foreign policy, and how sad it is that the Conservative party is so small in its outlook and unable to recognise and acknowledge that change. It is still seeking to put barriers in the way of those people and restrict their opportunities.

Damian Green: I assume that the hon. Gentleman also condemns the Governments of the vast majority of other countries in the EU which all welcomed, as we do, the accession countries into the EU but put on precisely the transitional controls that we neglected to put on? The French, Germans, Italians and Spanish all put on transitional controls. They welcome the Poles and other workers, but they want a controlled system. That is a more sensible way of enlarging the EU.

Mr. Browne: I disagree with that.

Damian Green: So they were all wrong.

Mr. Browne: The usual assumption of the Conservative party is that the other countries in the European Union are all wrong. I give credit to the Government. The British Government were enlightened and intelligent in terms of self-interest but also of generosity of spirit to the 10 new accession countries in allowing those people to come and work here. The situation in Germany was slightly different because it shares a long land border with Poland so the effect might have been even more pronounced. We have benefited hugely and we have demonstrated to those countries, their Governments and their people that Britain is a trusted ally within the EU. Immigration is helpful to us in our foreign policy and our domestic economy. It is no coincidence that we are in a better position to grow and expand our economy than many of the more sclerotic economies that the hon. Gentleman holds up as an example.

There are problems with large numbers of people coming into the country. There is pressure on housing and other services—schools were mentioned. If large numbers who do not speak English as a first language come into the education system, that is problematic. However, overall we have a reasonably dynamic economy in Britain. It has shown continuous growth for the past 15 years, and successful economies attract labour. People want to come here, work here, provide for themselves and their families and create new opportunities for themselves. That creates a better, more open, more dynamic economy and society for us in this country. We should celebrate the contribution that has been made by people from outside the United Kingdom while recognising the pressures on some public services. We must have an enlightened and liberal approach to immigration in this country.

1.5 pm

Mr. Neil Gerrard (Walthamstow) (Lab): I listened to the speech by the hon. Member for Ashford (Damian Green). Apparently we now have a balanced immigration policy from the Conservative party. The policy starts from the assumption that there are too many people coming here and that we have to control the numbers, without giving any idea how, or what sort of cap would work. It makes only nodding reference to the economic benefits of migration. That does not strike me as a balanced policy. Conservative Members try to give the impression that if there were a Tory Government everything would be fine and we would be in control of what was happening.

I recognise that after 10 years in Government, we have to be responsible for what has happened in those 10 years, but those of us who have been here for rather longer than 10 years remember what it was like dealing with immigration and asylum cases under a Tory Government. We remember the chaos in the Home Office and the huge and growing backlogs during the 1990s. We remember the unofficial amnesties that happened without anyone outside the Home Office ever being told. The failure to remove people was endemic. The Tory Government stopped recording people who left the country in the 1990s. Then the all-singing, all-dancing computer system was commissioned. Home Office staff were let go on the back of that, and of course it never worked. So please do not tell me that the Tory party would run an immigration system that worked. We can look back to the record of the early 1990s and remember what happened then. Those of us who were here then remember that very well.

I want to say something about numbers, because they are an issue. Sometimes in debates about the numbers, people try to give the impression that we have no idea how many people are coming in, but we have a great deal of data and they are accurate. We know how many people apply for visas to come here as spouses; we know how many people apply for all sorts of visas to come into the country. We know how many people come here on the highly skilled migrant programme. The holes in the data are clearly on movements from within the EU. For people coming from one of the A8 countries who wish to seek employment, there is a registration scheme, but there is nothing to stop someone from coming here and becoming self-employed, and a lot of people do.

We have got problems. There is a genuine problem, and it does not help to address it if all that people do is shout that there are too many, in getting to grips with the numbers. We have census data, which we know are out of date. We have national insurance numbers. We have labour force surveys and the international passenger survey sampling. We also have data from registration with GPs and we can get data from schools. There are real difficulties in getting accurate data not so much at the national level but at the local level. The e-borders programme will get us to the point where we have much more accurate data at national level, but no one has come up with any real suggestions about obtaining accurate local data. It would help if we could have some genuine discussions about how we might get a better grip on the data at local level. It is local communities who see the impact and the data affect the distribution of resources to local authorities.

[Mr. Neil Gerrard]

The issue is difficult and complicated. There is no simple answer to it, and it is certainly not an answer just to shout slogans about the Home Office not having detailed and accurate figures.

Jeremy Corbyn (Islington, North) (Lab): My hon. Friend must be aware that there are many people, particularly in London but also in other cities, who lead a twilight existence—a dangerous and vulnerable existence. We should reach out to them and recognise first, the contribution that they make and secondly, that if there is a transition from migrants into citizens, everybody in our society will benefit and some of the counting problems to which he has rightly referred will be removed.

Mr. Gerrard: That is an important point, to which I shall return in more detail.

There is an issue that we need to think about. There is not one simple answer, and just shouting slogans does not help to address the problem at all. It is not even just people who are new immigrants into the country who are affected. Any hon. Member representing a London constituency will know about the mobility that exists. One has only to look at an electoral register and see a year-on-year change of perhaps 20 per cent. to appreciate that mobility and realise the difficulties that it creates in providing local services. We need to talk about the numbers, but we need to do so sensibly and not just talk about simplistic stuff such as imposing a cap, because that is not an answer to anything.

On controls, it is only in the past six or seven years that we have had a sensible debate about what immigration policy ought to be. From about 1971 to 2001, we had lots of debates about mechanisms and controls, but we did not talk about what the policy would be. It was only when the then Minister with responsibility for immigration, Barbara Roche, initiated a debate around 2000 that we started to make the linkages between labour market needs, the economy and what sort of migration we need. The Government's current approach, in moving away from the plethora of different routes into the country and introducing a points-based system, is sensible.

I have some issues about the points-based system and how exactly it will work. The first is that it seems that we are to have a points-based system that will shut out unskilled labour from outside the EU. That will be a problem. The second problem is that those who can enter through the lower tiers that relate to unskilled work will have little in the way of rights, such as those relating to family reunion and the ability to reach the point at which they can apply to stay in the UK permanently. Those issues could cause us difficulties in the future.

There are issues about the transition on the highly skilled migrants programme, too, as the Minister knows. That links to the question that my hon. Friend the Member for Islington, North (Jeremy Corbyn) raised about those who are already here, but who are often undocumented and working illegally. They will have come through all sorts of routes. Sometimes people have an image of an illegal worker as someone who arrived in the back of a lorry and then stayed to work, but we are talking about people who have come through all sorts of different routes.

Some of those people are failed asylum seekers who were given permission to work years ago and technically lost it when their asylum claim was refused, yet nothing has ever been done about it. Others include people who came here as visitors or students and overstayed, or people who came here years ago from countries such as Jamaica when visas were not required. A large number of those people work, have a national insurance number and in many cases, but not all—there are of course people working in the moonlight economy—pay tax. They have families and children, but they do not have a settled immigration status. If we are to start cracking down more on employers who employ people illegally, as is intended, more people in that situation will turn up. They have no security and no method of enforcing rights at work, because if they attempt to do so, an employer who knows that they do not have legal permission to work will not be easily swayed.

My hon. Friend mentioned the "strangers into citizens" campaign. We must seriously think about how we deal with those people. The reality is that we are not going to remove them all. In many cases they are people who have been here a long time. I would argue, as I know a number of my hon. Friends would, that we need seriously to consider a regularisation scheme—that is, a mechanism to allow people to earn the right to stay here. If we are to introduce a transparent points-based system that is seen to work fairly, we shall sooner or later have to deal with the problem, because otherwise it will always be there in the background.

We have done things like that before. When the Tories were in government they ran amnesties that were not publicised. We, too, have run concessions and amnesties of one sort or another. Other countries have run regularisation schemes. That is something that we must start to address. A regularisation scheme would allow people who are effectively settled here to enjoy the benefits from the tax and national insurance that in many cases they have paid. Regularisation would also make it easier both to go for the rogue employer and to give protection and rights to the whole work force, because if people with this doubtful status are working in an industry, everybody is affected. That is something that we should address, as we introduce the new points system.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I am reluctant to reduce the time limit further at this stage, as I realise that that can have a disproportionate effect, but we are going to run out of time. May I therefore appeal to those whom I call to try to compress their remarks?

1.17 pm

Mr. Julian Brazier (Canterbury) (Con): I shall pick up one or two of the remarks that the hon. Member for Walthamstow (Mr. Gerrard) made, at the end of my speech. My hon. Friend the Member for Ashford (Damian Green) is right to point to the shocking revelations earlier this week and to the wider problem of the breakdown of border controls, which is what most concerns us all. When the right hon. Member for Leicester, East (Keith Vaz), of whom I am extremely fond, teased my hon. Friend about the fantasy island yet again, one had the feeling that he might have been planning a Select Committee visit.

Keith Vaz: If the hon. Gentleman gives me the destination, we shall consider it.

Mr. Brazier: Immigration has brought many benefits to this country over the years, from almost all of our major supermarkets, founded by descendants of turn-of-the-century Jewish immigrants, to the Indian software analysts who play such a big part in our most exciting service industry. However, I want to set the issue in a demographic context. In terms of population density, Britain is the most overcrowded country in Europe, apart from the low countries. If we take England alone, which is the destination for the vast majority of population movements, we are more crowded even than them. So many of the matters that we debate and discuss in the House come back to problems of overcrowding. They include housing shortages—a desperate problem in my part of the world—congestion on the roads, overstretched public services, and water shortages in summer and floods resulting from building on flood plains in winter.

Projections by the Office for National Statistics suggest that in a single generation, to 2031, we will experience a population increase of 10 million, from 61 million to 71 million, 70 per cent. of which will be caused by net immigration. However, the ONS keeps revising its estimates upwards—I have no doubt that the figures will be even larger within a year or two—and at no point does it take account of hidden, illegal immigration. Crucially—particularly in the light of the largely irrelevant contribution from the Liberal Democrat spokesman—70 per cent. of all immigration to this country is projected to come from outside the EU. That is about the same figure as for the last year for which we have figures.

There has rightly been a great deal of discussion about numbers; this is a numbers game. The key to the numbers is to understand that, when the Government increased the number of work permits from 40,000 a year to a projected 200,000 a year—the present Prime Minister's figure, bizarrely announced in a Budget speech—they effectively determined that the number of work permit-holders and their families would exceed the total level of net immigration.

The hon. Gentleman asked what would be done on numbers. He challenged my hon. Friend on this point. The truth is that work permits are wholly under the control of the Government, and the sheer arithmetic tells us that work permits alone cover the whole of immigration.

Mr. Byrne: I am grateful to the hon. Gentleman for giving way; I know that time is tight. If he looks at the international passenger survey statistics for 2006 in relation to Commonwealth and other foreign countries, he will see that 78,000 were students and 114,000 were dependents, with 27,000 others. That is 219,000 people who were not coming here primarily for work-related reasons.

Mr. Brazier: The Minister is a good man in a bad Government, and he knows perfectly well that we have almost unprecedentedly high levels of emigration. The point is that, on the Government's own target, the level of work permits exceeds the current net immigration level. Net immigration is only one third of immigration.

Previous Governments—Conservative and Labour—only accepted between 35,000 and 40,000 people a year from outside the EU, but the checks and balances that existed in the work permit system under all those Governments have now largely disappeared. As my right hon. Friend the Member for Witney (Mr. Cameron) has pointed out, one indication of that is that well over 90 per cent. of extensions are granted—often, one suspects, with very little checking.

It is bizarre, when we are facing so many population-driven pressures, that we should have a demographic problem on this scale that it is effectively within the Government's power easily to alter. I want to look at two further points that will help us to explore the issue a bit more deeply. An interesting study written by Anthony Schofield, published by the Social Affairs Unit, looks at the sheer economics of immigration from two angles. First, it looks at the cost of infrastructure and the net impact of immigration on the net wealth of the nation, and concludes that the vast majority of immigrants who bring no capital with them would have to earn extremely high incomes to be net generators of wealth.

The study's second conclusion brings me back to the comments of the hon. Member for Walthamstow on the position of the less skilled immigrants in the work force. Surely one does not have to take a particular view—left or right wing—of economics to understand that if we greatly increase the supply of something, its price goes down. The truth is that the impact of heavy levels of net immigration, particularly of young males, into the work force is depressing the wages of the least well-off people—the poorer and least advantaged people—who are already here, including many from ethnic minorities.

Mr. Jeremy Browne: I am grateful to the hon. Gentleman for giving way, because this relates to a point that I was trying to make in my speech. I accept his point that, if we increase the supply of labour, we reduce the price of the service—that is, the wages. Will he give us an estimate of how much more those services would cost his constituents and mine, had the supply of labour from the new EU entrant countries been restricted in a way that those on his Front Bench would have supported? In other words, how much more would people have had to pay for, say, plumbing or building services in his constituency?

Mr. Brazier: I am glad that we have now discovered that there was a point to the hon. Gentleman's speech. If he wants to see the best and most detailed mathematical calculation that I have ever seen, he should look at the study to which I have just referred; I will gladly show him afterwards. The answer to his question is that it would be very much less than the cost on the net wealth side. The loss of wealth accounts for far more than the economic gain to which he has just referred. He can check those calculations if he likes. I have a simple question: who is going to bother to employ and retrain a Brit—of whatever ethnic background—in his 50s who has perhaps been made redundant twice, if he can get a young fit 19-year-old to do the job instead?

There is nothing inconsistent in taking a compassionate view, as described by the hon. Member for Walthamstow, of individual cases of people who have been here for a

[Mr. Brazier]

very long time, and who came in before the current people. I have one such case before the Minister at the moment. He earlier assisted me in getting a very nasty criminal deported from my constituency, and I hope that he will now be able to help me in the case of Hartley Alleyne, a first-class cricketer who has played for the West Indies, for Worcestershire and, above all, for Kent county cricket club. He has given 30 years to this country, but is now facing deportation. The Minister is reviewing his case, and I am most grateful to him for doing that. There is no inconsistency whatever in taking a sensible view of people who have been here for a long time while restricting the numbers of work permits.

It is grossly unfair that the county of Kent, and one or two other boroughs, are picking up such a disproportionate part of the bill. The last time I looked, we were owed £6 million, the equivalent of 1 per cent. on the council tax. I know that there are other bodies involved too.

Mr. Nick Hurd (Ruislip-Northwood) (Con): I am grateful to my hon. Friend for giving way. Like my hon. Friend the Member for Ashford (Damian Green) and me, he listened to a presentation this week from no fewer than nine local authorities making exactly this point. Did he share my frustration on hearing that the Government appear to be entirely deaf to this message, and that a number of requests for meetings have been declined? Will he join me in pressing the Minister to meet representatives of those councils to discuss the funding shortfall, which is causing real difficulties?

Mr. Brazier: I certainly will. Ministers should grant those councils a meeting.

We have had yet another nasty scandal this week, but it must not blind us to the collapse in border controls. If and when they are gradually re-established, we must get the numbers back to sensible levels.

1.27 pm

David T.C. Davies (Monmouth) (Con): I am grateful for the opportunity to take part in this debate. I am also grateful to the Labour Members who, while being rather critical of what the Conservatives have to say on these matters, have not resorted to the usual tactic of denouncing anyone who queries immigration as being some sort of racist. We have had a sensible debate—[HON. MEMBERS: "So far."] Indeed. It is important that we have a debate, because the failure to discuss immigration over the past 10 years has been a direct factor in the increased support for extremist parties such as the British National party. Mainstream politicians on all sides should not be afraid to engage in this debate.

People have become concerned about immigration for several reasons, the first of which, as my hon. Friend the Member for Canterbury (Mr. Brazier) said, is the sheer numbers involved: 10 million or so over the next few years alone. The hon. Member for Walthamstow (Mr. Gerrard) talked about amnesties for those who are already here and who have decided to overstay illegally. Would not that simply lead to an even greater number of people coming here, many of whom might risk their lives paying people smugglers to do so? Amnesties would send entirely the wrong message and encourage even greater numbers to come here.

Anyone who knows anything about British history—sadly, fewer and fewer people do these days, thanks to the curriculum, which we will discuss another time—will know that, whenever there has been large-scale immigration in this country, it has always been quite disastrous. The best examples of immigration have, on the whole, been small in scale, involving manageable numbers of people coming from one country or one ethnic background. Most importantly, they have involved people who have wanted to integrate. The Ugandan Asians and the Jews who came over here in the last century are good examples of people who have come here wanting to integrate and to adopt the cultures of this country.

The sad fact is that many immigrants do not want to integrate at all. Worse still, they demand that our laws be changed to accommodate their cultural beliefs. We have a right to say that that is unacceptable. It is unacceptable that we have legitimised polygamous marriage in the UK. It is unacceptable that we hand a schoolgirl hundreds of thousands of pounds to fight a case to allow her to wear the hijab in contravention of school policy. It is unacceptable that Government organisations send cards celebrating Eid, Diwali and other religious festivals, about which I am quite happy, but will not send Christmas cards in case it gives offence. There are many examples of our laws, culture and traditions being overturned to accommodate people who have no intention of trying to integrate.

Members have spoken about the impact of immigration on the economy. On various occasions it has been stated that the effect of immigration on the economy has been universally good. That is an impossible statement to make unless we are prepared to look at the costs of immigration to the economy as well as the benefits. It is undoubtedly true that there are benefits. As the hon. Member for Taunton (Mr. Browne) pointed out, as a result of immigration it is much cheaper to get a plumber or an electrician in some areas. He asked how much more it would cost to get our pipes fixed if we had not allowed immigration from the EU. The answer is that it depends on how much more a British plumber would have charged and how much higher his wages would have been.

There is no doubt that the wages of many skilled, semi-skilled and unskilled people living in the UK would be substantially higher now if large-scale immigration had not taken place. There is no need to take my word for that; the CBI joyfully produced that analysis in a report that a Select Committee considered recently.

There have been other effects on the economy; we have heard about the impact of large-scale immigration on education. There has also been an impact on the national health service. Although many immigrants work in the NHS, many more are taking from the health service and costing us large sums of money because they are not entitled to NHS treatment. The Government have chosen to ignore that and are doing nothing about it. In all their targets, and in all the paperwork and forms they expect NHS trusts to fill in about patients, the one thing they constantly choose to ignore is the number of people who are incorrectly accessing NHS services at great cost.

Jeremy Corbyn: Would the hon. Gentleman take a brief pause from his rant and reflect for a moment on what kind of national health service, what kind of education system, what kind of transport system and what kind of science base we would have if our economy had not had a significant level of highly skilled and highly motivated immigrants over the past 30 years?

David T.C. Davies: Many people who have come to the UK to work—primarily in the NHS, not so much in education—have been highly motivated, skilled and educated, but in many instances that has caused problems in the countries they left. They have taken their skills away from countries that desperately needed them. We need to be specific. For example, the immigration of Filipino nurses, many of whom work in my constituency, has been positive because there are more nurses in the Philippines than there are jobs for them. However, by allowing nurses from some African countries to come to the UK we have caused enormous problems in countries where they were desperately needed. It is a case of swings and roundabouts and it is difficult to generalise about immigrants in a wide sense; we have to consider the countries from which they come and the problems that may be caused by accepting them.

Earlier this week, issues were raised about the Security Industry Authority licensing illegal immigrants to work in the security industry. I find it difficult to believe that the Government did not find out about that until April 2007, given that I had tabled questions in September 2006, following a meeting I attended the previous June with a local representative of one of the security trade associations in Abergavenny who was trying to tell anyone who would listen that the practice was going on. It is difficult to believe that a Back-Bench Member of Parliament could have known about it almost a year before the Home Secretary, and that following questions tabled in September the then Home Secretary was still unable to work it out for himself.

I have tried to draw Ministers' attention to a number of other scandals at the Home Office that are yet to come out. I shall put them on the record now. Large numbers of people are taking driving tests in languages other than English and obtaining a full British driver's licence as a result. About 100,000 people took their theory test in a foreign language last year and 15,000 took the practical test with an interpreter in the back of the car translating the examiner's instructions. It is unacceptable that people can come to the UK without speaking a word of English and gain a British driving licence. That will lead to road accidents, and no number of local authorities translating road signs into Polish will solve the problem.

As I indicated earlier, there is an enormous problem in the NHS. People are accessing care when they have no right to it, which costs British taxpayers a vast amount and makes it harder for UK residents who have paid their taxes to have the health care to which they are entitled. The Government should do something about that.

Finally, there is, rightly, a licensing regime, similar to the SIA one for security guards, for people who want to become teachers. I have been told that a number of people are applying to become teachers from countries where it is almost impossible to check their academic or criminal records, yet they are still granted a licence and can seek work as teachers. I have already drawn that to the attention of Welsh Assembly Ministers. Westminster Ministers may know about it and I suggest that they investigate it before it becomes another subject for a tabloid headline.

Almost every speaker in the debate has described the Minister as a good man in a bad Government. I agree, but he will have to do much more if he is to tackle the problems caused by his predecessors. There is too much immigration; too many people are coming to this country and not enough of them are prepared to learn English and adapt to our culture and our traditions, which is causing much genuine concern.

1.36 pm

Mr. Kevan Jones (North Durham) (Lab): I would have said that it was a pleasure to follow the hon. Member for Monmouth (David T.C. Davies), but the xenophobic rant we have just heard shows what is wrong with the modern Conservative party. The right hon. Member for Witney (Mr. Cameron) asked for a grown-up debate on immigration. I agree entirely, but I do not think we heard it in the contribution of the hon. Member for Monmouth.

I am fond of the hon. Member for Canterbury (Mr. Brazier), and usually agree with him on quite a few issues, so I thought we were doing well when he talked about the benefits of immigration in terms of the supermarket dynasties founded as a result of Jewish immigration. However, he then fell into the numbers trap, as the Conservatives always do, although their Front-Bench spokesman, the hon. Member for Ashford (Damian Green), admitted that broadly speaking immigration is a good thing economically. We should be saying that.

I would not mind debating with the Conservatives things such as our skills shortages, the demographics to which the hon. Member for Taunton (Mr. Browne) referred and the benefits of immigration to the UK economy, rather than numbers. We need to separate the issues. We need to discuss immigration from the EU separately. Who do we have to thank for open borders in Europe? We should remind people that Baroness Thatcher signed us into the Single European Act and opened up the free transfer of people across Europe, which is not a bad thing. I agree with the hon. Member for Taunton; it has been positive for most of our constituencies.

The next issue relates to what the hon. Member for Tatton (Mr. Osborne) described in a recent speech as the rest of the world. I agree completely with the hon. Member for Buckingham (John Bercow)—a rare beast in the Conservative party—that our borders should be open to people fleeing violence and persecution. We have a long tradition in that regard and we should be proud of it. However, it is right that we take a tough stand against people who come to the UK illegally and bend the rules.

As was said earlier, without the benefits of immigration our health service and our transport system in London and elsewhere would be much poorer. We need to get away from the idea that all immigration is bad.

[Mr. Kevan Jones]

Durham university in the north-east of England is a first-rate and world-class institution that benefits tremendously from huge numbers of foreign students. They do two things. First, they bring money to the city of Durham and the university. Secondly, as I know from having met many of them in various parts of the world, when they leave they act as ambassadors not only for the great county and city of Durham but for the UK. That is important.

I welcome the proposal by the right hon. Member for Witney (Mr. Cameron) to hold a grown-up debate, but let us have that grown-up debate; let us not get into the xenophobic nonsense that we have just heard from the hon. Member for Monmouth. Let us talk about the net immigration that we need over the next few years, to which the hon. Member for Taunton referred, not just in this country but across Europe.

We also need to pride ourselves on the economic impact that those people, including Margaret Thatcher, who signed the Single European Act wanted to achieve. The economies of eastern European countries—certainly Poland and others—are growing because money is being transferred back to them. I do not usually agree with the hon. Member for Taunton, but he is right: we cannot say that they should be free from the yoke of the Soviet Union but leave them in abject poverty, without ensuring that they get the benefits that the rest of us have in the EU. That is the way to stability across not just Europe but the world.

Finally, I should like to point out that the Conservatives also need to be clear that, when they talk about limiting and taking a tough stance on immigration, they ought to start to vote for that when such measures come before the House. I am thinking of their failure to support the Immigration, Asylum and Nationality Act 2006 and their continued opposition to identity cards. The public need to know about such things.

1.41 pm

The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier): Owing to the time allowed, I am afraid that I will not take interventions; I need to respond to a number of points. I want to thank hon. Members for their contributions to what has been a measured and sensible debate in most parts.

I thank my right hon. Friend the Member for Leicester, East (Keith Vaz), who made, as ever, some sensible and measured points. I should like to reassure him that, as I am now the champion for the Home Office on Members' correspondence—and also the second-largest customer of the Home Office on this issue—I am taking it up with vigour, and he will see continued improvements. I should also like to reassure him that last year the Border and Immigration Agency removed 2,784 foreign national prisoners, and it doubled removals in the first quarter of this year, compared with the number of removals in the first quarter of 2006.

The hon. Member for Taunton (Mr. Browne) was very interesting, as ever, and if I had any sway in his party, I would recommend him for promotion, given that he stands in so regularly for the hon. Member for Sheffield, Hallam (Mr. Clegg).

My hon. Friend the Member for Walthamstow (Mr. Gerrard) was a pleasure to listen to, as always, and I benefited, as did the House, from his wisdom, experience and thoughtfulness. He rightly raised issues about local data. That is one of the reasons why we have set up the migration impact forum, which is chaired by my hon. Friend the Minister for Borders and Immigration, along with the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Gloucester (Mr. Dhanda). Other hon. Members have said that we do not meet the representatives of local authorities, but the forum does, and we are keen to hear from local authorities, because we believe that often we hear first from them about some of the issues that affect local communities.

In reply to my hon. Friend the Member for Walthamstow and my right hon. Friend the Member for Leicester, East, I would say that we will produce the statements of intent on the points-based system before they come into effect. We are very keen to hear hon. Members' views on that, and we can benefit from their experience.

Time is short, so I want to say that I feel rather let down by Opposition Members. Although I have great respect for the hon. Member for Ashford (Damian Green) personally, he has resolutely refused to answer questions about the Conservative party's cap proposal. The Conservatives have resolutely refused to square their approach to immigration with the UK's membership of the European Union. The fact that the Conservative party did not vote against the free movement directive when it was introduced in 2006 demonstrates that they say one thing and act differently.

On the Security Industry Authority, my right hon. Friend the Home Secretary made a statement to the House on Tuesday and gave a commitment to come back to the House in December. That is all that I can say on that in the time that I have available.

The hon. Member for Ashford also referred to British jobs—

It being one and a half hours after the commencement of proceedings, the motion lapsed, without Question put, pursuant to Temporary Standing Order (Topical debates).

Parliamentary Commissioner for Standards

1.44 pm

Nick Harvey (North Devon) (LD): I beg to move,

That Mr John MacDonald Lyon CB be appointed Parliamentary Commissioner for Standards on the terms of the Report of the House of Commons Commission, HC 1096, dated 24th October.

Hon. Members might recall that, on 28 June, Mr. Speaker informed the House that the current Parliamentary Commissioner for Standards, Sir Philip Mawer, had indicated his desire to step down from the post at the end of this year, after almost six years in the post. This debate provides the opportunity to thank Sir Philip for all that he has done in that time; but before I do so, I shall briefly report on the process that has led the Commission to recommend that John Lyon should become the fourth person to hold that office.

The process followed very much the same path as the one that led to the appointment of Sir Philip in 2002. There was an open and competitive selection. We were very pleased that 46 candidates of notably good calibre were considered. Five of them were interviewed by the selection board, and the final two came for interview by the Commission. They were two excellent candidates, and the recommendation to the House was a very tough call.

I am grateful to the right hon. Member for North-West Hampshire (Sir George Young) for taking part in the selection board, as the Chairman of the Standards and Privileges Committee, to the two senior House officials who sat on the board and to Sheila Drew Smith from the panel of the Office of the Commissioner for Public Appointments—an independent member of the selection board.

John Lyon is a senior official in the Ministry of Justice. He is currently responsible for handling relations between the Executive and the judiciary, which, one presumes, is no bed of roses. He impressed the Commission with his long experience of dealing with Ministers from both parties, dating back to the late Merlyn Rees in the mid-1970s. He also showed a good understanding of the importance of the job to the House's reputation and the need to strike the right balance between prevention and investigation.

If the House agrees the motion today, John Lyon will serve a single term of five years, starting in January 2008. Members will recall that, in June 2003, following the recommendation in the eighth report of the Committee on Standards in Public Life, the House resolved that the commissioner should serve a non-renewable term of five years, to avoid any suggestion that an incumbent might tailor their judgments on account of a desire to have the term renewed.

The Commission attaches great importance to ensuring that the Parliamentary Commissioner for Standards has sufficient resources to carry out his duties properly. The cost of running that office in 2006-07 was £386,500, almost all of which was staff costs. If the new commissioner finds that he needs extra assistance, he will get a very sympathetic hearing from the House of Commons Commission.

I would not want to steal the thunder—nay, more likely the warm sunshine—of the Chairman of the Standards and Privileges Committee, but on behalf of the Commission I should like to record our appreciation of the way in which Sir Philip Mawer has carried out his task. As a member of that Committee, I have seen that at first hand over the past couple of years. Sir Philip has shown a high degree of integrity, diligence and impartiality in carrying out complicated and sensitive inquiries. In a typical piece of understatement, his final annual report concludes with the words

"It has been a privilege to have wrestled with those challenges".

We wish him well in his next appointment as the Prime Minister's independent adviser on ministerial interests.

1.48 pm

Sir George Young (North-West Hampshire) (Con): It gives me great pleasure to support the motion, moved by the hon. Member for North Devon (Nick Harvey), to appoint John Lyon as the House's new Parliamentary Commissioner for Standards. I welcome what the hon. Gentleman has just said about resources from the House. As he explained, as the Chairman of the Select Committee on Standards and Privileges, I played a part the selection process, and I can confirm its rigour and integrity.

The current commissioner, Sir Philip Mawer, will be a hard act to follow, and he was the benchmark against which I judged the applicants. John Lyon has a similar pedigree. He has a distinguished record as a career civil servant and a good insight into the ways of the House and its Members, both through his private office experience in the Home Office and through his involvement with our legislative programme. He has demonstrated his ability to deal effectively with sensitive matters and to balance conflicting interests, not least in some of his work in Northern Ireland. He has shown his ability to act discreetly and fairly and I am sure that he will prove to be a worthy successor to Sir Philip. Both the Committee and I look forward to working with him.

What are the skills that John Lyon will need? It is self-evident that an ability to act fairly is essential. The commissioner must also be able to prioritise, and to identify and concentrate on, the key issues. He must be resolute in the face of obfuscation, as successive commissioners have demonstrated. Given the extent of the commissioner's direct personal involvement in investigating complaints, he needs the ability to run investigations, and to draft complex reports succinctly.

Besides ensuring that the system runs successfully, the commissioner needs to keep the wider picture under review. The standards system is a dynamic one, and the commissioner plays a leading part in ensuring that it continues to meet expectations, both inside and outside the House. He also has to seek to ensure that the system's achievements are better known. The commissioner's annual reports—referred to by the hon. Member for North Devon (Nick Harvey)—the most recent of which was published a couple of weeks ago, have an important part to play in this.

John Lyon will inherit a standards system that is in much finer fettle than that which awaited his predecessor in February 2002. Then, there was a

[Sir George Young]

distinct feeling, inside and outside the House, that the arrangements the House had put in place in 1995 were failing and were in need of radical reform. The Committee on Standards in Public Life initiated an inquiry, which could have recommended an end to our self-disciplinary procedures. The committee, rightly in my view, put its faith in continued self-regulation, and subsequent events have shown the wisdom and foresight of that decision. That the reputation of self-regulation was restored is due in no small part to the work of the current commissioner.

I have already mentioned that the standards system is a dynamic one, and the commissioner has a key part to play in ensuring that it develops effectively. This debate provides a welcome opportunity to pay tribute to the work of Sir Philip Mawer in this respect. The Standards and Privileges Committee supported a three-legged strategy: first, emphasising prevention; secondly, carrying out impartial and robust investigations of complaints; and thirdly, proposing initiatives aimed at ensuring that the standards arrangements continue to reflect expectations both inside and outside the House. Sir Philip has enhanced the reputation of the House's standards arrangements.

On the first count, the proactive work of the commissioner and his team, particularly at the start of Parliaments, but also at other times—including when changes are made to the system—has helped to reduce the scope for inadvertent breaches. That is important, because all breaches, deliberate and inadvertent, impact on public perceptions of, and confidence in, Members generally and the reputation of the House as an institution. In tidying up the registration requirements and rationalising, where possible, those of the House and the Electoral Commission, he has made it simpler for Members to meet their obligations. He has also improved the visibility of Members' interests: up-to-date versions of the register are now more readily accessible as a result of the decision to update the internet version fortnightly when the House is sitting.

On the second count, the commissioner has made 47 formal reports to the Committee, one of which—that relating to the complaints against the hon. Member for Bethnal Green and Bow (Mr. Galloway)—was the most lengthy and one of the most complex reports ever undertaken. On the basis of those reports, the Committee required remedial action in six cases, and the House took action against Members, on the Committee's recommendation, in three further cases. Sir Philip's inquiries have been fair and thorough in all cases, and his reports clear and succinct. I am heartened, though, that so few serious cases have arisen on his watch, which reinforces my own view of the generally high standards of Members' conduct.

On the third count, the commissioner has led a review of the code of conduct, approved by the House in 2005, and a review of the guide to the rules, which the Committee expects to report on soon. He has introduced extensions of the rectification procedure, to increase the range of circumstances in which minor infractions can be dealt with effectively without the formality of a report to the House. Other developments are also in prospect, as outlined in the commissioner's most recent report.

Sir Philip Mawer has been an outstanding commissioner, who took over one of the most difficult jobs in public life and made a success of it. He has played a key part in restoring confidence in our disciplinary procedures. The extent to which his experience is sought out internationally is a tribute to the distinguished service he has given the House for some five and three quarter years. We wish him well in his new post as the Government's adviser on ministerial interests, and we welcome his successor to the post.

1.54 pm

The Leader of the House of Commons (Ms Harriet Harman): I am pleased to follow the hon. Member for North Devon (Nick Harvey) and the right hon. Member for North-West Hampshire (Sir George Young) in asking the House to agree to the motion. Both Members emphasised the significance of this issue. It is important that the House has high standards and that the public know that to be the case. To ensure that it is the case, it is right that there is a clear, visible and effective process in place for addressing possible breaches of the code and the rules of conduct for Members of Parliament, and that there are arrangements to offer authoritative advice to Members to ensure that they can be confident that they are adhering to those requirements.

Since 1995, the Parliamentary Commissioner for Standards has played an important part in that: by giving Members appropriate advice to avoid situations that might give rise to allegations of breaches of the code of conduct; by helping to keep the code of conduct for Members of Parliament, and the associated mechanisms for enforcement, up to date; and by investigating and reporting complaints, where necessary, to the Standards and Privileges Committee.

The motion asks the House to approve the appointment of Mr. John Lyon CB as Parliamentary Commissioner for Standards from January 2008 for a non-renewable period of five years. The document that has been published by the House of Commons Commission about the selection process for the new appointment has been helpfully explained. It sets out how Mr. John Lyon was chosen and provides information both about the post and about him. I know him to be an eminent public servant with substantial experience in areas requiring significant discretion and judgment. I had the privilege of working with him when he was a senior civil servant and I was a Minister in the Ministry of Justice. He has been selected following an open competition. I am very happy to add my voice to the recommendation to the House to agree to the motion providing for his appointment. I wish him well in the task and I know that all hon. Members will give him their full co-operation.

This is also an opportunity to thank—as other Members have done—Sir Philip Mawer for all he has done in his nearly six years serving the House as commissioner. Sir Philip has contributed greatly to the further development of the role of the commissioner, through the publication of annual reports and through his contributions to changes in the way complaints are handled by the Standards and Privileges Committee. He has had some difficult cases to investigate. As the House will know, Sir Philip is to become the Prime Minister's independent adviser on ministerial interests, and we wish him well in that new role.

This is an appropriate opportunity also to thank those involved in the other parts of the House's system for delivering standards: the Registrar of Members' Interests—Alda Barry, who is always helpful to Members—and her team, and the Standards and Privileges Committee, chaired by the right hon. Member for North-West Hampshire. The sort of post that has been taken up by the hon. Member for North Devon is not likely to mean that people march in the streets demanding that he become the next leader of the Liberal Democrats, and people are not queuing up to thank the right hon. Member for North-West Hampshire for his work. However, if they did not do that work, the House would not operate properly. It is important that they do their work and that we have an opportunity to recognise it, given that it is insufficiently recognised outside the House. I pay tribute to them for the way in which they do their work. They get little credit for it, but it is important.

The House will have noted from the latest annual report of the present commissioner, published recently, that the Committee plans in due course to bring to the House a revised guide to the rules relating to the conduct of Members—including the outcome of discussion with the Electoral Commission about the alignment of the House's registration requirements with those of the commission—and provisions for the reform of the rules on all-party groups. The House will, of course, have an appropriate opportunity to consider those matters in due course.

In conclusion, I once again record our thanks to Sir Philip for his contribution to the work of the House over the years and to improving public confidence in that work, and, in the expectation that the House will endorse the motion, I welcome Mr. Lyon to his new responsibilities from January 2008.

1.59 pm

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I, too, take this opportunity to recognise the work of Sir Philip and the Committee on Standards and Privileges. Without them the integrity of the House could not be protected. Without their hard work and due diligence the standing of the House and MPs would be affected, and it would be much more difficult to deal with problems. As the report says, Sir Philip's integrity and impartiality has been recognised. Public confidence, the lack of media headlines on the subject and the fact that there are not too many complaints within the House suggest that he has found a careful balance between keeping the House's reputation and ensuring the smooth operation of the House's work.

Like the Leader of the House, I pay tribute to members of the Committee and of the House of Commons Commission, because their work does not have a high public profile—or hopefully does not; occasionally it can. The fact that they get on with their work smoothly behind the scenes makes it easier for the rest of us to operate.

The process for appointing the new Parliamentary Commissioner for Standards appears to be fair, with a proper, open and transparent system of advertising, nominations and interviews. The House of Commons Commission and the interview board seem to have done their work, and I see no reason why the House should not endorse that work by supporting the motion. I welcome Mr. John Lyon to his job for the next five years. The House took the right decision in making the post non-renewable, so that the appointee has clear and transparent independence. I wish Mr. Lyon all the best for the coming years in which he will serve the House and its integrity. Again, I pay tribute to the work of Sir Philip, and wish him all the best in his new career.

2.1 pm

Mr. Chris Mullin (Sunderland, South) (Lab): I have been on the Committee on Standards and Privileges for only the last year or so, but I would like to pay tribute to Sir Philip, as the right hon. Member for North-West Hampshire (Sir George Young) has done, for the calm, dispassionate and forensic way in which he carried out his duties. I wish him well in his next incarnation, and welcome his successor, John Lyon, who seems admirably qualified. The introduction of the new communications allowance has provided Sir Philip's successor with a rich treasure trove of new complaints and issues to get to grips with, and I look forward to seeing how that pans out in the years ahead.

2.2 pm

Mrs. Theresa May (Maidenhead) (Con): I support the motion to appoint John Lyon the new Parliamentary Commissioner for Standards, and I echo the comments made by other right hon. and hon. Members. First, I should like to mention the work done by the Committee on Standards and Privileges, chaired ably by my right hon. Friend the Member for North-West Hampshire (Sir George Young). The Leader of the House said that my right hon. Friend's role—and that of the hon. Member for North Devon (Nick Harvey), who is spokesman for the House of Commons Commission—is not the sort of role that is likely to get people dancing in the streets and crying out, with acclaim, that those who hold them should have more senior roles in their parties or in Parliament. Similarly, the role taken by members of the Standards and Privileges Committee will not necessarily always endear them to their peers in the Chamber, but they all carry out their responsibilities with distinction, and we are grateful to them for their work.

The House owes Philip Mawer a debt of gratitude for the way in which he undertook his role; he has performed it with great distinction. Crucially, he has enhanced the belief, and the comfort that people take, in self-regulation in the House. He undertook his role with impartiality, but with robustness, and dealt with Members of the House with courtesy. I wish him well in his future endeavours, as others have done.

I am pleased to welcome the motion to appoint John Lyon to the position. He has had a distinguished career in the civil service. Throughout that career, he has shown integrity and, crucially, steely determination, as well as a willingness and ability to stand up to Members of Parliament and others. He has an understanding of the House and of the role that he must play as Parliamentary Commissioner for Standards. As the hon. Member for North Devon says, John Lyons understands the balance between prevention and investigation. His ability to marry that steely determination and integrity with an understanding of the House will make him a worthy successor to Sir Philip Mawer.

2.4 pm

Mr. Kevan Jones (North Durham) (Lab): I support the appointment of the new Parliamentary Commissioner for Standards, and I want to pay tribute to Sir Philip Mawer. I may have caused him some sleepless nights over the past 12 months, given the large investigation that he undertook into the complaint that my hon. Friend the Member for Bassetlaw (John Mann) and I made about the alleged misuse of Commons dining facilities. It was a complex investigation, and he dealt with it fairly and conscientiously. On a few occasions, I was on the receiving end of a rebuke from him for not getting the procedure right, but even that was done in a courteous and dignified manner. He has set the standard, as the right hon. Member for North-West Hampshire (Sir George Young) said.

We need to keep reinforcing in the public mind the fact that politics is an honourable profession, and that the House has honour. If the Standards and Privileges Committee and the new commissioner keep their high standards, those standards can be raised in the eyes of the public. We too easily become targets for sniping, although all hon. Members whom I know, on both sides, came into politics with the best of motives.

One issue that needs addressing, and which the hon. Member for North Devon (Nick Harvey) raised, is the capacity of the commissioner's office. The investigation that followed my complaint led to a lot of work for the commissioner, and very early on the new commissioner may have to review the issue of whether he needs extra resources. One investigation can take up a lot of time, and if two or three investigations are undertaken at one time there will be severe pressure, not just on the commissioner, but on his dedicated staff.

Finally, I wish Sir Philip all the best and thank him for his work on our behalf. His new regulations have been adopted by the Administration Committee, but I hasten to tell him that I think that I have found one Member who is in breach of them. However, if I have to submit a complaint, I may well wait and do so to the new commissioner.

2.7 pm

Peter Bottomley (Worthing, West) (Con): I apologise to you, Mr. Deputy Speaker, and to the House for not being present for the first few minutes of the debate; it started five minutes before I thought that it would. That was a lowering of my standards, for which I ask forgiveness. I support the motion moved by the hon. Member for North Devon (Nick Harvey), and I am grateful for the chance to have learned what my right hon. Friend the Member for North-West Hampshire (Sir George Young) said.

There are two or three points worth making, in addition to recognising the merits of the appointee and the way in which Sir Philip Mawer carried out his job. It is worth the House remembering that we do not always have to agree—and indeed have not always agreed—with what commissioners put forward. To take one relatively small example, during the investigation of complaints about Neil Hamilton, the Standards and Privileges Committee explicitly voted not to endorse one of the findings of the commissioner, Sir Gordon Downey. That did not cause a row and it was not done in a sensational way; it was just a matter of consideration of the commissioner's report.

In the case of the second commissioner, Elizabeth Filkin, I believe that those who write the histories of these matters will notice—I intentionally put this delicately—that sometimes those on what is now the House of Commons Commission intervened in ways that were unjustified. Even if they had been justified, and I do not think that they were, they were unwise. The House of Commons Commission has learned the lessons from what was clearly a series of errors during Elizabeth Filkin's period as commissioner. For example, in the week before she gave up her post, in the times when there was the possibility of reappointment—I think that I am right in saying that her predecessor had been reappointed, but she was not—it turned out that she had been underpaid by almost a year's salary. I may have got the figures wrong, but she had done an enormous amount of unpaid work, although some people in authority in the House believed that she did not have enough to do, or was taking too much time to do things. I think that that period has gone, but while I am in the House I shall be vigilant to make sure that it does not happen again.

My final point follows on from the remarks of the hon. Member for North Durham (Mr. Jones) about the change in the arrangements for using the House of Commons banqueting facilities, although "banqueting" is a rather strong way of describing what is sometimes a constituency tea party. It is offensive to the people who take part in politics that, as I understand it, a group of women, who may be part of a Member's political party and who may be active in supporting that Member or may just be members—we want to encourage members of political parties—apparently cannot pay for their own tea and have it arranged by their own Member—

Mr. Kevan Jones: They can. Read the report.

Peter Bottomley: I may reread the report, but as I understand it, that was one instance in which the recommendation made by the commissioner was hardened up. If I misunderstand it, I do not think I am the only one. I hope that I shall be able to put myself right and get my constituents to come up again, as they used to do.

Question put and agreed to.

Ordered,

That Mr John MacDonald Lyon CB be appointed Parliamentary Commissioner for Standards on the terms of the Report of the House of Commons Commission, HC 1096, dated 24th October.

International Development

[Relevant documents: The First Report from the International Development Committee, Session 2007-08, on the Department for International Development Annual Report 2007, HC 64-I and -II, and the Department for International Development Annual Report 2007, HC 514.]

2.10 pm

The Secretary of State for International Development (Mr. Douglas Alexander): I beg to move,

That this House has considered the matter of international development.

It is right that the House should concern itself with ending the injustice of global poverty, and that it should debate that issue today. I am grateful for the experience, expertise and scrutiny that many Members bring to the issue, not least my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke). He has been, as I am sure the whole House will agree, a tireless campaigner against global poverty for many years, and the International Development (Reporting and Transparency) Act 2006, which originally carried his name as a private Member's Bill, is and will prove an excellent contribution to my Department's reporting. That Act will help the British people to hold Government to account for promises made, and the Department for International Development's 2007 annual report, which we have tagged to today's debate, is the first to be produced according to the provisions of the Act.

Today the International Development Committee published its response to the Department for International Development's annual report, and I thank the members of the Committee for their detailed consideration of these issues. My Department will formally respond to the IDC's report in the coming months, but in the course of my remarks this afternoon I will highlight the recent comprehensive spending review settlement and its implications for my Department's work, highlight emerging challenges that I believe we must address in order to see progress towards the millennium development goals, and briefly touch on the main conclusions of the IDC's response to the Department's annual report.

Yet amid all those discussions of funding and financing, of policies and programmes, we must recognise the scale of the human suffering that we are called to address. In a world that is eight times richer than just 50 years ago, every three seconds a child still loses their life simply because they are poor. Every 11 seconds, a person still loses their life from AIDS, an illness that should no longer be a death sentence, for we have the medicine to manage it. Every minute, a woman dies because of complications during pregnancy or childbirth—500,000 women are losing their lives each year simply because they sought to give a life.

Although those figures reveal the scale of the challenge that we face, I suggest to the House that with courage, ingenuity and commitment, real progress can be achieved. In the past 40 years, life expectancy in developing countries has increased by a quarter. In the past 30 years, illiteracy rates have halved. In the past 20 years, 400 million people have been lifted out of absolute poverty. We are close to eradicating the disease of polio from the face of the earth.

Such work has been the mission of the Department for International Development for the past decade, since we brought international development from the periphery of Government to the Cabinet table. We again showed our commitment as a Government to global poverty eradication in last month's comprehensive spending review. Today marks the first opportunity for the House to discuss fully the implications of that comprehensive spending review settlement for development.

Through that settlement, the Government will provide more than £9 billion of aid a year by 2010, four times as much as back in 1997. That keeps us on track to meet our timetabled commitment—the first such commitment made by a UK Government—to spend 0.7 per cent. of gross national income on aid by 2013. This increase in aid will enable Britain to deliver on our promises to help developing countries make faster progress towards the millennium development goals.

We will double aid to Africa by 2010, as promised at Gleneagles. We will meet our pledge to spend £8.5 billion on education by 2015, providing enough resources to pay for 10 years of education for 15 million children. We will provide £1 billion for the Global Fund to Fight Aids, Tuberculosis and Malaria, to tackle three diseases that together account for 6 million deaths a year. Our contribution of £1.4 billion for the international finance facility for immunisation will help to save the lives of 5 million children by 2015.

The scale of the increase in official development assistance provides new opportunities to tackle disease, illiteracy and poverty, but with these enhanced opportunities come enhanced responsibilities. The IDC's report today raises the issue of ensuring aid effectiveness while my Department simultaneously reduces administrative costs. I believe that the British people would expect efficiency savings in a Department that received such a generous increase of resources in the comprehensive spending review. They have a right to know that their money is being well spent on their behalf, and the nature of DFID's work does not, and should not, exempt us from such scrutiny. Indeed, when the very pounds that we spend can mark the difference between life and death, between schooling and illiteracy, it is all the more urgent.

In recent years, while my Department's overall budget has increased, our overall staff numbers have decreased, yet the Organisation for Economic Co-operation and Development's authoritative Development Assistance Committee review last year described the period as

"a golden age of growth and achievement"

for the Department for International Development. The IDC says that our work in the poorest countries and in fragile states requires particular resources. I can assure the House that we keep such staffing under review. By way of example, I draw the House's attention to the fact that our staffing in the Democratic Republic of Congo has more than doubled in the past two years, from 18 to 39, and our staff in Sudan has increased from 15 to 27 in the past year.

As I hope my remarks at the Dispatch Box today have reflected, I am determined that the Government's aid, whether bilateral or multilateral, should aim to deliver maximum impact and represent value for money.

[Mr. Douglas Alexander]

So to provide further scrutiny of my Department's efforts, I am pleased to announce to the House today the appointment of David Peretz as chair of the new independent advisory committee on development impact. Mr. Peretz brings great experience to the committee from his work as an independent consultant and senior adviser to the International Monetary Fund independent evaluation office, the World Bank, and the Commonwealth Secretariat. I have placed details of the membership of the committee in the Commons Library, and Members of the House will note that it contains leading experts on development and evaluation. The committee will meet for the first time next month, and I am confident that it will provide effective scrutiny of DFID's evaluation, and in so doing help to ensure the continued quality of our aid spending.

Tony Baldry (Banbury) (Con): Will the Secretary of State kindly expand a little on what the committee will do? Is it to evaluate projects once they have been completed, rather like the National Audit Office, to see whether the money has been wisely spent and how effectively it has been spent, or will it simply confirm that the money that DFID says will go to particular projects has gone to those projects? The House would be greatly helped if the Secretary of State could explain in greater detail the methodology of the committee.

Mr. Alexander: I am grateful to the hon. Gentleman for seeking that clarification. The committee would in no way prejudice the ongoing scrutiny of the Department for International Development by the National Audit Office. Essentially, it has three purposes. It will determine which programmes and areas of UK development assistance will be evaluated. It will then identify any gaps in the planned programme of evaluations and make proposals for new areas or other priorities, as required. Finally, it will check that international standards are being applied and comment on the quality of the evaluation work.

In line with its role, the committee will operate in a transparent and independent way. The chair will report annually to me as Secretary of State on quality and independence of studies, what needs to be done to improve evaluations and how far the Department for International Development is following up on them. All findings will be published and the committee will have its own website to ensure that that information is made available to the widest possible group of people.

James Duddridge (Rochford and Southend, East) (Con): What consideration has the Secretary of State given to greater parliamentary scrutiny of that body and the reports that it produces? Will the Select Committee have a particular role in examining those reports, rather than their going to the Secretary of State and potentially being delayed, not by him, but perhaps by other Secretaries of State?

Mr. Alexander: I am grateful for that ringing endorsement of both my motives and the effects in respect of the receipt of those reports. Of course, it is a matter for the Select Committee to determine the scope of its inquiries, and, indeed, the time scale for its investigations. As I said, the fact that the findings will be published and that there will be a website, which can be accessed by all members of the Committee, means that we can be confident that if the IDC so chooses it can turn the gaze of its inquiry to that matter.

The future of those living in developing countries will not be determined solely by the work of evaluation. It will be affected, above all, by the choices made by the leaders, institutions and citizens in the developing countries themselves. While it is for each society to forge its own path to good governance, we can support them in that endeavour. That is why, under the terms of the comprehensive spending review, my Department will continue to use our aid to support good governance, as set out in last year's White Paper. In doing so, we will not only help to build more capable states that better serve the poor, as we will also secure our investment in aid as countries become increasingly transparent and accountable. We can help to build up the sustainable governance institutions, such as independent judiciaries, that are vital for long-term development success. We can also support efforts to tackle the corruption that we know harms countries' development prospects.

In July 2006, my predecessor announced a new £100 million governance and transparency fund to help civil society and the media to hold Governments to account. I can report that there has been an overwhelming interest in the fund and that we have received more than 250 applications from non-profit organisations around the world. In the light of that tremendous response, I am pleased to announce today that we will provide a further £20 million for the governance and transparency fund further to extend our work to increase accountability in developing countries.

Even where governance standards are at their worst, we will not abandon the poor, for that would be doubly cruel. Britain will continue to support the people of Zimbabwe with some £40 million of humanitarian assistance this year, delivered entirely through the UN and non-governmental organisations. I announced recently from this Dispatch Box that we will double our aid to the Burmese people from £9 million to £18 million a year by 2010-11. I am aware that some hon. Members believe that we should commit now to providing more over a longer period, but I do not consider the announcement to be the limit of our spending for Burma in the coming years.

There is no greater collapse of governance than when countries are embroiled in conflict.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I very much welcome my right hon. Friend's commitment to the good governance programme. I have witnessed it at first hand in Uganda, Kenya and, particularly, in Afghanistan. It is important to stress accountability in countries that are receiving a great deal of aid, so that everyone can see that it is being delivered on the ground to the people who need it. We also need to build the capacity of MPs in those countries themselves to scrutinise where the money is going.

Mr. Alexander: I pay tribute to my hon. Friend's experience and expertise in this field. I travelled to Afghanistan in August—next week I will be in both

Tanzania and Kenya—to see for myself the difference that British taxpayers' resources can make to the development efforts within those countries. We have shared peer-to-peer review and a whole system of accountability mechanisms directly with Governments, but little proves to be more effective than ensuring that there is a strong and effective Parliament capable of holding an Executive to account. In addition, the strong support of civil society can throw the torchlight of transparency on to expenditure in those countries. That is why I was pleased to announce that additional £20 million today to help assist the efforts of non-governmental organisations in countries such as those we have described.

To return for a moment to the issue of Darfur and Afghanistan, our aid is helping communities that are affected by conflict. Indeed, just last week, President Karzai announced that, thanks to improvements in health care supported by DFID and other donors, almost 90,000 children who would have died under Taliban rule will now survive. The new cross-government stabilisation aid fund, together with the conflict prevention pool set out in the comprehensive spending review, will provide nearly £600 million over the next three years to prevent, manage and resolve conflict. By doing so, we can create the conditions needed for effective state-building and economic development.

The comprehensive spending review will enable Britain to meet its promises on increasing aid for basic services, to improve governance—as we have just discussed— and to reduce conflict. But tackling global poverty of course requires more than simply more aid. I am determined that my Department will build on its successes in aid agency in recent years to tackle the challenges facing developing countries at the beginning of the 21st century. Two of those greatest challenges are how to increase growth and trade and how to tackle climate change. Let me deal with both those issues.

The importance of growth to development is clear. About 500 million people have been lifted out of poverty in the last 20 years alone and 80 per cent. of that poverty reduction has been due to increased economic growth. To increase growth, we must support poor people to maximise their economic activity. For seven out of 10 Africans, that activity remains agriculture. The IDC report today highlights the importance of agriculture to the developing world, to which I now turn my attention.

My Department has committed more than £200 million over the past five years to agricultural research. Our support for research to date has helped to identify drought-tolerant maize, which will help African farmers to increase their harvest by up to 50 per cent. We have helped to develop new rice varieties for Africa, which, in Nigeria, for example, have helped to reduce imports of rice by more than 800,000 tonnes in one year alone. In recent weeks, I have met Kofi Annan to discuss how we can best support his new alliance for a green revolution in Africa to produce further breakthroughs. My Department also provides support for the agricultural needs of rural communities through other programmes such as social protection, land reform and the provision of rural roads. In Malawi, our support for the Government's fertiliser and seed subsidy programme has contributed to a harvest surplus of 1 million tonnes. In Uganda, we have provided direct budget support to the Government, supporting reforms that have reduced rural poverty in the past 15 years from nearly two thirds of the population to just over one third.

Andrew Selous (South-West Bedfordshire) (Con): Is the Secretary of State aware of any work to produce cotton seeds that need less water? Cotton is a tremendously thirsty plant. The Secretary of State mentioned a number of other crops, so can he tell us more about cotton?

Mr. Alexander: The hon. Gentleman will have to forgive me, as I cannot give a detailed exposition on cotton seeds. If my ministerial colleague cannot respond in the winding-up speech, I will write to the hon. Gentleman and ensure that he is provided with the information. In a recent discussion on the lead issue of agriculture, officials were keen to stress that we are not only providing £200 million of support for agricultural research, but are highly influential on international bodies that determine what agricultural research should be undertaken. That is consistent with the approach that we want, where we contribute to multilateral funding while also bringing influence to bear. If the hon. Gentleman has any particular concerns about new varieties of cotton seeds, I will ensure that they are passed on directly to officials.

Malcolm Bruce (Gordon) (LD): I am grateful for what the Secretary of State has said about the Department's commitment to agriculture, but does he acknowledge that we have a capacity in agricultural research because of our traditional links with Commonwealth countries, which could be tapped more effectively? When the Select Committee was in Afghanistan two weeks ago, we met farmers who had come out of poppy and were growing melons, maize and wheat, but who received no advice when they developed problems with yields or pests. There was no adequate extension service. Does the Secretary of State not think that DFID could help in training in extension service in a country such as Afghanistan?

Mr. Alexander: The right hon. Gentleman brings his considerable expertise to bear on this question. I have reflected on the issue in recent months in the Department. In a previous era, the United Kingdom gave a great deal of direct support for agriculture through the provision of experts to developing countries. Since we have moved to a country ownership model of development, that has changed. DFID's work on agriculture and infrastructure has been given a re-emphasis and a redirection.

It is right to acknowledge the continuing priority given to basic services, whether in health, education or water and sanitation. Given the resource base that the Department has now secured, however, I am convinced that an opportunity exists for real thought leadership. That applies equally to growth, where we can provide growth diagnostics and assistance to countries to develop their own growth path, and to agriculture, given the expertise of the research base in the United Kingdom.

In recent months, in relation to agriculture, I have set a challenge to my officials not to seek to replicate in every country a provision that is now deemed outdated,

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given the country leadership approach. Instead, they should see what better links can be made between the quality of expertise that the United Kingdom still retains, the effective matrix of international research now undertaken in agriculture and the work continually undertaken by developing country Governments, given the overwhelming significance of agriculture in many of their economies. Therefore, the point is well taken.

Pete Wishart (Perth and North Perthshire) (SNP): The Secretary of State is right to identify economic growth as the major driver in ending poverty, as it has delivered many people out of poverty. Is he not therefore concerned about the early introduction of the economic partnership agreements to the six African, Caribbean and Pacific regions, possibly against their best interests? Why the rush? Why the December deadline? Should not we wait to ensure that what we do is in the best interests of those countries, so that we do not destroy the economic growth that could bring more people out of poverty in Africa?

Mr. Alexander: The hon. Gentleman anticipates a point that I was going to make, but I will deal briefly with his substantive point. This week, I have had a long and detailed telephone conversation with Peter Mandelson, the Trade Commissioner, on the issue. Next week, I will travel to Brussels for the General Affairs and External Relations Council, at which economic partnership agreements will be one of the key issues. Also this week, with my hon. Friend the Under-Secretary of State for International Development, in his joint role as Minister with responsibility for trade, I had a discussion with non-governmental organisations from the Trade Justice Movement and related organisations. Economic partnership agreements are therefore very much at the forefront of our minds.

The hon. Gentleman posed a question to me about the urgency. Straightforwardly, the urgency is not set down by the European Commission per se, but the Cotonou agreement has been deemed World Trade Organisation-incompatible, and the deadline of 31 December is of long standing. Simply rolling forward the Cotonou provisions would be WTO-incompatible, and the deadline has been clear.

That being said, United Kingdom NGOs have expressed concerns to me that, notwithstanding the urgency of finding a way forward with each of the ACP countries, the British Government should not resile from our policy commitments of March 2005, when, in a previous incarnation as Minister with responsibility for trade, I was responsible for framing our policies on economic partnership agreements. This week, I have talked those issues through with the NGOs and the Trade Commissioner. I made it clear to him that we continue to want to see the type of economic partnership agreements for which we have long argued—those that can reasonably be understood as development-friendly and assisting developing countries.

It is important, however, to uphold the case, for which the evidence is now overwhelming, that trade, given the right support and context, is a hugely powerful driver of economic growth and poverty reduction. It is impossible to cite a country that has lifted itself out of poverty in the past 40 years without external trade. While I have great sympathy with those who campaign, as I have done, for a fairer set of trade rules, I have little sympathy for some in the anti-globalisation movement who suggest that the quickest way out of poverty is somehow not to see a greater degree of liberalisation and a reformulation of the world trade rules. The challenge is to make sure that we are in the room arguing not simply for free trade but for fair trade. Economic partnership agreements can contribute to that development-friendly goal that we share, and that is why I will make that case in Brussels early next week.

Hugh Bayley (City of York) (Lab): I am pleased to hear the Secretary of State laying emphasis on the importance of a private sector to growth. I hope that he shares the belief that it is important to develop in Africa an indigenous small business sector that lies between foreign investment by multinationals and micro-credit at the lower level. That is particularly important in relation to agriculture, because a lack of credit is one of the things that stops small farmers becoming bigger farmers. Will he talk with the African Development Bank, possibly with CDC, and possibly with, for example, the German bank ProCredit, to see whether more can be done to provide small and medium-sized African farmers with the credit that they need to increase production?

Mr. Alexander: I find myself in agreement with my hon. Friend. The approach in relation to the African Development Bank, the principal regional development bank dealing with that continent's challenges, is consistent with the approach that I want DFID to take more broadly with the other multilateral institutions within the international system. Given that we have resources to deploy following the generous comprehensive spending review settlement that we have achieved, we should try to provide generous finance. In the coming weeks there will be a decision on the next round of funding for the African Development Bank, and we are giving serious consideration to that. However, as well as providing extra resources, we should aim to exert more influence over the policy choices made by institutions such as the development bank.

My hon. Friend has made a good point about the need for credit to enable small businesses to develop in Africa, but I do not think we should limit our ambitions to the livelihoods of small farmers and traders, vital though that is. We should reflect on the business achievements of Mo Ibrahim, who has been much in the newspapers in recent months following the establishment of the Mo Ibrahim international prize. It is a powerful illustration of the transforming economic effect of Africa-based organisations such as Celtel. The use of mobile phones in Kenya is an example. Celtel has radically transformed not just the connectivity of the continent of Africa, but its opportunities for economic development. Interesting statistics are emerging about the effect on economic growth in the immediate community when Africans are given mobile phones.

Certainly we want to support the livelihoods of small traders and farmers, and certainly we want more provision of credit to allow businesses to be started. However, we should also support the work of multinational enterprises

in Africa as well as the development of major international players out of Africa. In recent days I have met representatives of Business Action for Africa, a combination of multinationals working on the continent. Where they comply with the best standards and the international guidelines, many of which we have been central in devising, we strongly welcome their engagement as a means of providing the people of Africa with additional support, investment and opportunities.

In the last month alone I have met Pascal Lamy, Kamal Nath and Susan Schwab, the United States trade representative, and have engaged in conversations with the Kenyan and South African Trade Ministers. In each of those conversations, I made clear that the United Kingdom's No. 1 trade policy is to deliver the promise of a development round in the Doha development talks. There is little be gained and much to be lost from further delay.

As I have said, we will participate in discussions on economic partnership agreements with the Commission next week through the General Affairs and External Relations Council. We will reiterate our concern to ensure that such agreements benefit African, Pacific and Caribbean countries. However, all the benefits of growth that we have discussed this afternoon, and the opportunity for trade to contribute to that growth, are imperilled unless we also recognise the threat posed to development by climate change, whose effects—feared by many in developed countries—are already being felt in the poorest regions of the world. Lake Chad is no longer a lake but a dust bowl, malaria is spreading to the highlands of Kenya owing to temperature rises, and declining rainfall in Darfur has turned millions of hectares of grazing land into desert.

Today's report from the International Development Committee rightly raises concerns about the impact of climate change on development. My Department has committed £74 million for research and improving adaptation in Africa, Asia and Latin America. It has also conducted climate risk assessments in countries as diverse as China, India and Kenya, and we are helping to build the capacity of developing country Governments to tackle climate change in the years to come.

Since 2004, the Department has been working in Bangladesh with the country's Government on a number of climate change projects, including helping communities to prepare for disasters such as flooding which afflict the country all too often, particularly in coastal areas. The new environmental transformation fund, valued at £800 million, will provide further help for developing countries, enabling them to adapt, safeguard their environments and fund low-carbon paths towards growth and economic prosperity. We are also working across Government to press for global post-Kyoto agreements to reduce greenhouse gas emissions. The Bali conference next month will be a vital next staging post on the journey.

Another issue raised in the IDC's report is the central importance of helping women to achieve the millennium development goals. Only last month, at the World Bank annual meetings, I worked with my Dutch, German and Nordic counterparts to secure language in the communiqué to highlight the fact

"that gender equality and women's rights are crucial for sustainable poverty reduction".

My Department set out its commitment in a gender equality action plan earlier this year, in last year's White Paper, in the new public service agreement and in the 2006 White Paper.

We have underlined our commitment with action. Last month I announced that we would give an additional £100 million to the United Nations Population Fund to support its work on maternal health. The Department has long championed girls' education. Our support for Afghanistan has helped to get 2 million girls in school, where under the Taliban there were none. My Department has been at the forefront of research into microbicides to give women control over their right to safe sex.

My right hon. Friend the Prime Minister has said that the world is facing a development emergency that requires emergency action. The terrible figures that I cited earlier underline that assessment. At the beginning of the 21st century, we find ourselves in a world that remains too unsafe, too unequal and too unsustainable, but we also have the technology to tackle disease and the resources to fight hunger and illiteracy. We have seen progress on all those fronts in recent years. The proportion of the world's population living in extreme poverty has fallen from a third in 1990 to less than a fifth today. Aid increases and debt cancellation have helped to put 40 million more African children into school in just the past seven years. My Department has provided more than 40 million insecticide-treated bed nets since 2001, saving well over 600,000 lives.

It is not inevitable that 1 billion of our neighbours should live in extreme poverty. The era of globalisation has brought international communication, international travel and international trade. We must now strive together for international justice. We must extend opportunity to the world's poorest to be educated, to be healthy and to fulfil their potential. The challenge in doing so is great and cannot be met by Britain alone, but this Government will ensure that Britain continues to lead in the fight against poverty, as we have done for the past decade.

2.41 pm

Mr. Andrew Mitchell (Sutton Coldfield) (Con): The Secretary of State has made a most interesting speech today and we welcome the debate. Indeed, we believe that there should be more debates in this House on international development, not least to reflect the huge interest among our constituents in these matters.

It is about a year since the House unanimously supported the International Development (Reporting and Transparency) Bill proposed by the right hon. Member for Coatbridge, Chryston and Bellshill (Mr. Clarke). It was my understanding, and that, I think, of most hon. Members, that we would have a debate each year specifically on the annual report to which the Bill referred. I know that the Secretary of State has said that the report is tagged to the debate, but, for the future, I hope that the Minister will confirm explicitly that we will have an annual debate on his Department's annual report.

As virtually everyone in Britain accepts, the imperatives of international development are not Labour or Conservative but part of a British agenda to make sure that our generation's determination to see

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definitive progress in the eradication of global poverty is fulfilled. I want at the outset to pay tribute to the work of DFID and the dedication of so many who work in this field in taking forward this British agenda and national commitment.

The comprehensive spending review last month rightly outlined a big increase in aid spending. The aid budget will increase from £5.4 billion to nearly £8 billion in 2010-11. As the Select Committee has pointed out, the impact of climate change will be earlier and more severe for poor countries. I saw this most starkly recently in Bangladesh, where a tiny rise in the water level will destroy the homes and livelihoods of millions of people. We see the effects of climate change even in the conflict in Darfur. It would be helpful if the Secretary of State, on another occasion, set out directly and in some detail the steps he is taking with his increased budget to assist with adaptation and mitigation strategies.

The scale of the increase in aid funding is both colossal and welcome, but it throws into even starker relief the key question that confronts all of us who are passionate about international development: how to spend this money as effectively as possible. As fiscal tightness bites in other areas, taxpayers will demand tangible evidence of results of this spending. That is why the Conservative party, making clear our absolute commitment to reaching the 0.7 per cent. target by 2013, has also made it clear that, in government, we will introduce a powerful and independent aid watchdog to ensure that poor people get the maximum benefit from every penny of British aid.

Hugh Bayley: When John Major was Prime Minister I introduced a Bill to ensure that the sole focus of the British aid programme would be poverty reduction. The Conservative party Whips at that time—I seem to remember that the hon. Gentleman was one of them—made sure that that did not became law, until we got a Labour Government. Will the hon. Gentleman give a commitment that if the Conservatives ever get back into office they will never move away from the poverty focus that is now a legal requirement for the aid programme—that they will not, for instance, return to the aid for trade provision?

Mr. Mitchell: I can give the hon. Gentleman the undertaking he seeks—and in doing so I am not making any great news, as the leader of my party has consistently and explicitly made that point.

British taxpayers need to know that their money is directly and incontrovertibly delivering the biggest reduction in poverty and suffering around the world. After months of Conservative pressure, the Government announced that they would establish an independent advisory committee on development impact for the Department for International Development, but on close inspection their proposal is a half-hearted and watered-down version of what we propose. It will merely issue polite reflections on how well DFID is evaluating itself. I sense that Sir Humphrey has been on the case. The Secretary of State might have secured some outstanding people to serve on his committee, but it is not the people but the remit with which we are concerned. I urge Ministers to re-examine the issue and establish a powerful and independent aid watchdog along the lines proposed in the Conservative party policy group report.

We have long argued that the Government are over-preoccupied with inputs and insufficiently concerned with outputs—and outcomes—and I was pleased to see that the International Development Committee, on page 3 of its most recent report, states:

"We are concerned that DFID continues to emphasise inputs rather than outcomes".

The commitment we all share to increase spending must be a means to an end, not an end in itself.

A growing budget means that there is an even greater need for rigorous independent scrutiny and constant active pressure to raise performance. It is in that context that we share the Select Committee's concern about staff numbers being cut at the very time when the Department's budget is set to increase so significantly. Spending more money with fewer people means that there is likely to be direct budgetary support and more multilateral spending regardless of their desirability. It is clearly ridiculous that DFID's staffing requirements should be determined by a general Treasury diktat rather than the specific needs of DFID's rapidly expanding budget. The level of staffing in DFID should be determined by the job that we require the Department to do, rather than the other way round. The Conservative priority is clear: effectiveness.

It is vital that the Secretary of State's decisions on how to divide our scarce resources between the myriad different multilateral agencies is based on thorough, empirical analysis of the effectiveness of institutions in reducing poverty. I am therefore rather concerned that the multilateral effectiveness summaries promised for September 2007 have yet to be published. I hope the Minister will be able to tell us in his wind-up speech when these important documents are to be made public.

The Secretary of State will shortly visit Tanzania. The country is something of a darling of the aid industry, as I discovered when I visited it in September. It is the recipient of the largest British direct budget support, with approximately £105 million paid directly into the Government's coffers this year. That is a colossal sum, and we must receive an absolute assurance that the money is delivering real results and value for money.

When the Secretary of State arrives, he will no doubt see the twin towers of the Bank of Tanzania rising high above the Dar es Salaam skyline. He will hear the allegations of corruption that have been levelled in relation to the construction of those towers and in regard to senior public figures. He will no doubt be aware of the Tanzania radar deal that his decent and honourable predecessor was forced to defend, with palpable embarrassment, in the House earlier this year.

So I hope that in Tanzania, the Secretary of State will examine direct budgetary support with a critical eye. We all know the powerful arguments in favour of such support—the promoting of country ownership and the strengthening of Government systems—but he must satisfy himself that such money is properly spent, that his officials maintain their objectivity, and that they do not become in-country advocates of direct budgetary support while overlooking the problems with that policy.

Tony Baldry: We did not hear very much in the Secretary of State's speech about good governance—*[Interruption.]* Well, we did not. What happened to the New Partnership for Africa's Development? It seemed to me that part of the deal with African countries was our giving them large amounts of development assistance in exchange for this new economic partnership involving peer review. That does not seem to be happening in places such as Zimbabwe. What are my hon. Friend's views on that?

Mr. Mitchell: My hon. Friend is of course absolutely right. It is precisely in pursuit of those matters that the Secretary of State is visiting Tanzania next week. We will all listen with great interest to what he has discovered when he returns.

When the Secretary of State is in Tanzania, I hope that he will emphasise that Britain will be clear and assertive in demanding real increases in the quantity and quality of Government spending in priority sectors such as health and education. There can be no concession to doubt and uncertainty in this matter. We owe it to the people of Tanzania and to our own taxpayers to secure clear results from this immense sum of money.

Dr. Roberta Blackman-Woods: Can the hon. Gentleman confirm whether it is the policy of his Government to support—*[Interruption.]* I meant to say, is it his party's policy to provide support to Governments in developing countries? It is incredibly important that we build the capacity of those Governments and their scrutiny mechanisms, so that they can spend the money wisely and account for it. That is the clear way forward. Does his party support it?

Mr. Mitchell: The hon. Lady referred to my Government, and I am sure that she is wrong merely on a matter of timing. I can assure her that we fully understand the importance of using direct budgetary support where we can—indeed, I was making that very case—and where we can, the next Conservative Government will certainly do so.

I know that the Secretary of State has studied with interest the proposal that I announced at the Conservative party conference to boost the ability of British doctors and health professionals to work, train and teach in developing countries. Our plans have been backed by leading non-governmental organisations, including Voluntary Service Overseas, the Tropical Health and Education Trust, and Merlin. The Secretary of State will know that working abroad is a particularly intensive and demanding form of training for our doctors, but they return with an expanded set of skills and are better doctors for British patients as a result.

Every doctor I have ever met who has worked in a developing country speaks of the huge benefits, personal and professional, that they have gained, but too often doctors and nurses in Britain face serious obstacles to achieving their aim of making a contribution in poor countries. Time spent abroad is often not accredited and does not help doctors to progress in their careers. Sadly, the Government's modernising medical careers initiative has made things significantly worse. We Conservatives want to reduce the barriers that British health professionals face when they want to work in poor countries. A Conservative Government will establish a new health systems partnership fund—worth £5 million a year to begin with—that would pay for VSO to organise year-long placements for up to 250 British health workers to work in developing countries. It would pay toward the pension contributions of these long-term volunteers, pay for THET to expand its efforts to link British health care institutions with those in developing countries, and match pound for pound money raised by health care institutions to fund international links and visits, up to a maximum of £10,000 per institution. It would also help to fund an electronic health exchange called HealthBay, where requests for help from the developing world would be matched against offers from developed countries. I hope that the Government will make it a priority to introduce proposals in this area in the near future.

I turn to trade, and the role of the private sector in particular. The Government need to work harder to secure a successful outcome to the Doha round. As the Secretary of State acknowledged, this trade round was always meant to be about development, and much more needs to be done. Conservative proposals for a real trade campaign, set out by my right hon. Friend the Leader of the Opposition in the Rwandan Parliament in July, called on world leaders to open their markets to goods from poor countries and to invest in aid for trade to help countries, particularly those in Africa, to tap into the potential of the global market. We believe that the proposals command genuine cross-party support and hope that the Government will embrace them.

Will the Secretary of State tell the House what he and his Ministers are doing to rescue the Doha trade round from the deadlock that prevails? Does he agree that a deal was tantalisingly close earlier this year? What steps is he taking to progress this important agenda?

Mr. Alexander: On the specific question that was put, I can confirm that within the past 48 hours I have spoken to the Prime Minister. He had just had a telephone call with President Lula of Brazil. I can assure the hon. Gentleman that whether it is at Heads of Government level or through the Trade Commissioner, such discussions continue.

With the greatest respect to the hon. Gentleman, may I push him on this issue of his so-called real trade campaign? What would be real about a campaign that implicitly acknowledges that the European Union continues to be the body that is competent to represent the United Kingdom's interest in the World Trade Organisation, but comes from a party that simultaneously seeks to marginalise its own influence within the European Union? How can one be influential if one is out of the room, as opposed to being influential in it?

Mr. Mitchell: The right hon. Gentleman is demeaning his position by indulging in such pathetic party political point scoring. We agree about the importance of boosting free and fair trade, so instead of making these rather silly points, he should focus on the case that I am trying to make.

Hugh Bayley: I ask the hon. Gentleman to address the question that the Secretary of State has raised. It is not a demeaning point, because we all recognise that breaking the deadlock in the Doha round can be achieved only if there is a shift in European Union trade policy. How would such a shift be achieved by a party that does not play a major part in Europe and is not one of the major party blocs in the European Union? That question needs to be answered.

Mr. Mitchell: I knew that it was a mistake for me to give way to the hon. Gentleman for a second time. First, he knows that there are a number of different blockages on the Doha round; the position of the European Union was a particular difficulty, but it is now much less so. Secondly, he knows that the support for Commissioner Mandelson's views—the position of all the parties in this House—is considerable. Britain negotiates these matters through the European Union, rather than bilaterally, and the point that the hon. Gentleman makes is, as I suggested to the Secretary of State, a ridiculous one.

I wish to address the important matter of European partnership agreements. As has been stated, the deadline for African, Caribbean and Pacific countries to sign them is rapidly approaching. My hon. Friend the Member for Cotswold (Mr. Clifton-Brown), the shadow Minister for international development and trade, has just returned from a visit to ACP countries, where he met Ministers and senior officials to discuss these important issues. He will have a number of points to raise if he catches your eye later in the debate, Madam Deputy Speaker. I shall be visiting Guyana next week to discuss these matters with Ministers there. It is most important that these agreements open markets and facilitate real benefits to ACP countries, whose determination to lift their people out of poverty must be matched by support and partnership from the wealthy countries of Europe.

Further to the earlier more sensible comments from the hon. Member for City of York (Hugh Bayley) about the private sector, over recent weeks there appears to have been a welcome recognition by Ministers that economic growth needs to move sharply up the development agenda. I have enjoyed reading the speeches of Baroness Vadera. She argues strongly that growth is essential for poverty reduction, saying that

"without growth, sustainable human development is a largely theoretical proposition. We also sometimes lose sight of the fact that the purpose of aid is to no longer require it. Unchanging long term aid dependency should be a measure of our failure."

That shift of emphasis may well herald a determination by Ministers to inject more private sector DNA into DFID. If so, that would be a good thing.

I draw the Secretary of State's attention to the stimulating report of the Canadian Standing Committee on Foreign Affairs and International Trade, published in February, which makes a passionate call for private sector-led development. It argues that Governments must lower the cost of doing business and create environments that are attractive for private sector growth and investment. Those are important arguments. If the Secretary of State's change of emphasis promotes them, we will strongly support him.

I come now to the subject of agriculture and the support given by DFID. The Secretary of State defended the Department's record, and that is fair enough, but I also draw his attention to the excellent passage in the report from the Conservative party's globalisation and global poverty group that deals with productivity and agriculture. Similarly, I draw his attention to the wise comments in the Select Committee on International Development report published today, which argues that DFID has shifted its focus in recent years away from agriculture. The Committee believes that DFID's thinking needs to be rebalanced in that respect, and so do we.

The final points that I wish to raise relate to resolving conflict and to fragile states. In today's report, the International Development Committee argues that DFID does not yet have

"the measures in place to achieve its aim of promoting gender equality across its programmes."

As I said in the debate more than a year ago on the 2006 White Paper, the Government—notwithstanding the defence that the Secretary of State has given today—still fail to address gender inequality. Women bear the greatest cost of poverty and too many girls do not go to school. Women bear the brunt of the HIV/AIDS epidemic and, of course, they most directly bear the brunt of conflict.

We cannot escape the absolute and direct link between poverty on the one hand and conflict on the other, and therefore the prime importance of resolving conflict if international development is to succeed. The Government are making progress in how they address that inevitably cross-departmental issue, just as the UN is beginning to make some very modest progress in promoting its responsibility to protect. In Sudan, we need to see rapid progress on humanitarian relief, progress towards a political solution and an effective African Union-UN hybrid force.

I have suggested previously that there is much more to be done to promote regional security arrangements and the use of NATO air power, not least in the enforcement of a no-fly zone over Darfur. It is no good the world solemnly embracing a responsibility to protect and thereby winning easy plaudits and headlines in New York, which mean precisely nothing in the camps of Darfur and to the displaced people in Zimbabwe and Burma.

On that note, I am particularly surprised that the Government have yet to accept in full the powerfully argued recommendation of the International Development Committee that aid to Burma should be quadrupled by 2013. The Conservatives have been making that argument now for nearly two years. As I said in the debate on Burma on Monday 29 October, we will honour the recommendation in full as soon as we have the opportunity in government. I invite the Secretary of State, who is not unreasonable on the matter, to reflect further on the proposal.

I hope that when the Under-Secretary of State for International Development, the hon. Member for Harrow, West (Mr. Thomas), winds up, he will update us on progress on the international arms trade treaty. That is a proposal that, as he will know, enjoys the full support of the Conservative Party.

I believe that the fight against global poverty, disease and malnutrition is a cause that unites all parties. We are fortunate to be the generations that have both an extraordinary opportunity and the wherewithal to make a huge difference at this time.

Pete Wishart: Will the hon. Gentleman give way?

Mr. Mitchell: I was perorating, but I will give way.

Pete Wishart: The hon. Gentleman knows that there is a lot of work to be done. He will obviously be aware of the international aid scheme that the Scottish Government are currently operating, particularly in Malawi, which has been resolutely opposed by the Conservatives down here, especially the hon. Member for Lancaster and Wyre (Mr. Wallace), who has been vociferous in his campaign against the Scottish Government being involved in international aid work. Will the hon. Gentleman support the Scottish Conservatives in welcoming this work and acknowledge that there is enough work to go round for us all to be involved in?

Mr. Mitchell: The hon. Gentleman is wrong in saying that the Conservatives at Westminster have opposed the policy that he describes. I speak from the Front Bench for the party, and I assure him that it has not made the statements that he ascribes to us.

I have no doubt that in the years to come we in this House will marvel that for so long the international community has put up with leaders such as General Than Shwe, General Bashir and President Mugabe. These are people unfit to exercise leadership over their countries and their rightful place is behind bars in The Hague.

The commitment of those whom we represent in this place is stronger now than ever before. It is up to all of us to ensure that aid effectiveness, good governance and an end to the era of impunity are turned from ambitious aims and theories into the practical realities and the delivery of international development.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. May I remind all right hon. and hon. Members that Mr. Speaker has imposed a 10-minute limit on all Back-Bench speeches.

3.6 pm

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): I welcome the debate, especially on the eve of the important events tomorrow involving Children in Need. I thank my right hon. Friend the Secretary of State for his kind reference at the start of his speech and the hon. Member for Sutton Coldfield (Mr. Mitchell) for the things he had to say.

For the benefit of clarity, may I say that look forward to a debate on the report in response to the International Development (Reporting and Transparency) Act 2006? I say that because the Government have a very good story to tell. It is important, particularly in the light of the exchanges—if time allows, I will deal with them—between the Front-Bench spokesmen on devoting 0.7 per cent. of national income to overseas aid. It is extremely important that all Governments are monitored—that the Executive are held to account. I hope that I will not be accused of making party points when I say that the steep decline in the 1980s and 1990s in our progress towards achieving 0.7 per cent. of gross national income is another reason for this House to hold all Governments to account on that objective.

I welcome the Select Committee response, published today, to the Department's annual report. As we have already heard, it made some interesting contributions. I believe that the Department for International Development is one of the finest Departments of Government. The annual report highlights that fact. I welcome the fact that in the past decade the focus in the House on international development and issues that relate to it has improved immensely. We have seen that the public awareness that that has influenced has itself led to a greater focus on the kind of policies that we have debated this afternoon and will continue to discuss, but also on the achievements on the big issues of aid, trade and debt. There are still problems to be addressed, but there are achievements to be noted, and I believe that the British public have played their part.

One example lies in Bangladesh, which has already been discussed. Once famously described by an official in Henry Kissinger's department as an international basket case, today the country enjoys an annual growth rate of around 5 per cent. Child mortality has fallen from 133 per 1,000 in the early '90s to about 75 per 1,000 today. Funding provided by DFID has helped to lift more than 500,000 people out of extreme poverty. That represents progress indeed.

I also want to applaud not only DFID's clear endorsement of the UN target of 0.7 per cent. of GNI, to which the report responds, but Government's strong commitment—repeated by my right hon. Friend the Secretary of State, I am delighted to say—to achieving it by 2013. The Government are entitled to be congratulated on where we are, because Britain is the second largest contributor of overseas aid in real terms. Indeed, if the current American trends continue, we will find ourselves in first place.

I hope later to talk about the role of other nations in dealing with world poverty. However—I say this to all parts of the House—I hope that when the target of 0.7 per cent. of GNI is reached, it will be seen not as an end in itself but as a platform upon which the House can collectively build. I hope that the consensus that is emerging, certainly in this debate, will continue. I hope, too, that the Opposition parties—the Conservative party, the Liberal Democrats and others—will take the opportunity to underline what the Government have made clear: namely, that if and when we reach that figure, we will not go back on it. I hope that we will not see the kind of scenario we saw in the past, with reductions in the figure—in this case restored by us in 2006 to 0.52 per cent., which was the rate in 1979.

It is right that there should be that commitment. For example, HIV/AIDS is still a big problem. To look at the broader picture, 270,000 people in Botswana are HIV-positive. That is in a country of just 1.75 million people, meaning an infection rate of 15 per cent. In the UK, where around 70,000 people are currently infected, that would be the equivalent of 9 million people. HIV/AIDS remains a huge problem in sub-Saharan Africa. We know that 60 per cent. of the global problem of HIV/AIDS applies in those countries. Statistics are not readily available, but it is obvious that we will not achieve millennium development goal 6 in that respect. That remains a challenge to us all.

[Mr. Tom Clarke]

I welcome the positive aspects of the report and what my right hon. Friend has said this afternoon. For example, Nigeria will receive £52 million for reproductive health and other issues. That might be regarded as a bilateral commitment. Multilaterally, £15 million will go to UNITAID, to help poor countries to benefit from new drugs to treat AIDS and other preventable diseases.

We must take seriously the demographic evidence presented in the report—I refer to page 326 in particular—of the impact of HIV/AIDS on young women. A positive approach to maternal health is clearly of the essence. We cannot continue with a programme that means, for example, that we will not achieve millennium development goal 3, as it does, especially if that creates an impediment to reaching other millennium development goals.

The challenges remain. We must ensure that we are addressing health care problems, that we are providing clean water, that we are taking education—particularly the education of girls—as seriously as we should, and that we are seeking to ensure that the wealth of nations is fairly shared.

The Government are on course with regard to addressing effective governance. For example, they have deplored again and again the fact that so much money—about 60 per cent. of the GNI—is being spent in Darfur on armaments and on what amounts to warfare against a country's own people.

Today of all days, as we sit here on the anniversary of the birth of Aneurin Bevan, we are entitled, on the basis of our own record, to appeal to other countries to join us in challenging the obscene image of world poverty that we see on our television screens. To those who are unconvinced of the relevance of this argument, perhaps we should suggest that enlightened self-interest might have its own appeal.

3.16 pm

Lynne Featherstone (Hornsey and Wood Green) (LD): The Liberal Democrats very much welcome the opportunity presented by today's debate. I should like to put on record our congratulations to the Department for International Development on the work that it does. I never cease to be amazed by the scope and range of need in this world, and addressing that is a monumental task. DFID does a good job in that regard. I would also like to thank the International Development Committee for its work in scrutinising the Department. I shall try not to cover any ground that has already been covered today.

As we enter the first full parliamentary Session under the new Prime Minister, who has rightly prided himself on his work on debt relief and international aid, this is an opportune moment to consider the wider performance on development, not just within DFID. I suppose that I expected a bit more of a revolution in the Government's approach to international development with the advent of the new Prime Minister. He has rightly lectured us on redoubling our efforts to make poverty history. Before he became Prime Minister, he promised that Britain would meet its international obligations in full. In New York earlier this year, he sternly wagged his finger at the world and told the United Nations that the pace of progress on the millennium development goals was too slow. The Liberal Democrats agree with him on that.

Poverty was, however, reduced to a single line in the Queen's Speech:

> "Reducing global poverty will be a high priority for my Government, with renewed efforts to achieve the millennium development goals."

I am sure that Members on both sides of the House will support that laudable sentiment. But let us consider what the Government's contribution to the millennium development goals could be, and how it could be better. The lack of clarity and consistency in their approach to development not only inhibits development projects but results in the ineffective use of taxpayers' money, as Conservative Members have already pointed out.

We can do little about some of the natural disasters, such as tsunamis and earthquakes, that befall the world, but we can do something about what I term the three Cs—corruption, conflict and climate change—if there is the political will and, most importantly, joined-up thinking between the Departments. Those are three areas in which the means to bring about change lie close to hand and close to home.

Corruption adds heavily to the cost of development aid. We should not underestimate the extent of local corruption, which needs local solutions. I was pleased that the Government announced more money for the governance programme, but Britain appears far too closely entwined in far too much corruption. I shall not go into the al-Yamamah deal—the billions of pounds of arms sales to Saudi and the money in Swiss bank accounts. For national security reasons, the Serious Fraud Office investigation was dropped although, thankfully, that decision is to be investigated by the High Court, and BAE's dealings are being investigated in several countries. We should fully support the Organisation for Economic Co-operation and Development convention against bribery. We should be seen to support it, rather than trying to wriggle out of its strictures when it suits us.

We were comprehensively compromised by dropping that investigation, at the request of the Saudis. How does that square with our efforts on the millennium goal to promote gender equality and the empowerment of women? I noted with concern the Committee's findings that DFID has problems in practically implementing the gender equality policy, and it is not alone. At what point did the Prime Minister raise the issue of women's rights with King Abdullah of Saudi Arabia? Was it when he apologised for the SFO getting as far as it did with the investigation? Was it when he was touting for business for arms deals? Was it during the King's state visit—the highest honour that can be bestowed on a country?

I very much appreciate the idea that we should work constructively with countries where there are fundamental human rights failings. Indeed, our role in the west should not be constantly to hector and castigate developing nations. That would be to risk alienation and push them further away from the values that have brought us relative peace and prosperity; but rolling out the red carpet to give the absolute ruler of a country that is so far from achieving gender equality—

Madam Deputy Speaker: Order. I remind the hon. Lady that we are dealing with countries where we are involved in terms of international development, rather than Saudi Arabia.

Lynne Featherstone: I apologise if I strayed too far from the track, Madam Deputy Speaker.

Al-Yamamah is not the only problem. I fully concur with the Committee's support for DFID's new strategic objectives, especially the promotion of good governance, but I have to return to a consideration of how we operate in the UK. When the Nigerian dictator, General Sani Abacha, was looting billions from Nigeria, $1.3 billion ended up in 23 London banks, making them a profit at the expense of the neediest people in Nigeria. Much that is honourable and good is done in the City, not least the creation of jobs and wealth, but there is a dark, rotten secret—complicity in financial crime and its concealment.

Offshore tax havens play a key role in corruption, and the vast majority are based in countries closely connected with the UK, because they are Crown dependencies or overseas territories. Many of those financial operations are run by the subsidiaries of major international banks operating in the UK. The tax havens may not be within immediate reach of a memo from No. 10, but there is no doubt that the British Prime Minister wields huge influence. The UK Government must do more to put pressure on our companies, our financial systems and our dependencies and overseas territories.

Hugh Bayley: The hon. Lady is right to focus on corruption. May I ask her to read the report, "The other side of the coin", published by the all-party group on Africa about 18 months ago? We pointed out that although it was important for the UK to do its part in undermining collaboration with the corrupt misuse of money in Africa, the problem is overwhelmingly an African one. If we create excuses for Africans not to improve their governance, the problem will never go away.

Lynne Featherstone: I welcome that intervention and I agree. Nevertheless, it is very hard for us to lecture Africa on corruption when we have some issues to clear up ourselves. I wish that the Government would turn their attention to one of the financial methods that has raised its ugly head and appears to be making a mockery of our own efforts on debt relief: the vulture fund. There has been no shortage of warm words on this subject. As far back as 2002, the Prime Minister, the then Chancellor, told the International Monetary Fund in Washington that

"we need radical reform of the contractual arrangements for debt."

He was right.

Vulture funds do not tell us who they really are or pay our taxes, but they are happy to use British courts to extract money from heavily indebted countries. I am sure that hon. Members will be as horrified as I was to discover, when I finally obtained the figures from the World Bank, that more than £230 million has recently been reclaimed fully or in part through British courts from developing countries by vulture funds.

Surely, British courts, in the same way as they afford rights and responsibilities to consumer debtors, should act to protect the rights of the poorest nations. We should tell those funds that if they want to use British courts they ought to play by our rules, and then we need to make those rules. We can no longer turn a blind eye, and as legislators we should move to outlaw that practice. I ask the Government to explore ways of negotiating an internationally binding agreement—not a voluntary code, because that is not working—to ensure that companies cannot prey on heavily indebted poor countries.

In the interim, because binding international agreements cannot be created overnight, I would love the Government to start looking at how our national laws can be changed to bar vulture funds from using Britain as a tool to milk heavily indebted poor countries. We need to draw a legal line in the sand between legitimate secondary debt and what is happening in those areas. Perhaps sovereign debt could be held in non-tradeable securities. The Government have many legal advisers and I do not have any, so I suggest that the Secretary of State for International Development and the Prime Minister put their great minds to work on this. We cannot go on being a country that purports to have high standards of ethical behaviour while seeming to condone bribery, corruption and greed. That plea for joined-up thinking and action extends across almost all that we do.

If we turn to the International Development Committee's findings, we find worrying reports that DFID is, as has been mentioned already, often focused on inputs, not on outcomes. That problem is made even worse by conflicting inputs from other Departments. If we consider the millennium development goal to eradicate hunger and extreme poverty, which is the baseline for all the millennium development goals, we see that a worrying global trend has been undermining what we seek to achieve.

Some hon. Members might recall the Mexican tortilla protests in June, following the reported 400 per cent. rise in the price of corn. The rise was linked to the increasing demand for corn from America, as the Americans increase their bioethanol content for vehicle fuel. There is no doubt that biofuel, when it becomes a mature technology, will have a crucial and significant part to play in the urgent fight against climate change. Parties on both sides of the House are making climate change central to the fight for international development. As soon as bioethanol can be made efficiently from non-foodstuffs and is proved to use less carbon dioxide than it takes to make, biofuel will be at the forefront of the next generation of energy supply. However, given the current state of biofuel technology, foodstuffs are being diverted from human consumption to produce biofuel.

We must question the logic of taking food out of the mouths of the poorest communities on our planet, so that Americans can fill up their sports utility vehicles. I am concerned about the Government's response to that development conundrum. It seems that we are busily signing the UK up to the EU targets on biofuels, without considering the disastrous consequences that those targets might have in driving up food prices. The Government have said that they are committed, quite rightly, to reducing the number of people living on less than a dollar a day, but what is the use of even a dollar

[Lynne Featherstone]

a day when it is not enough to feed a family because of astronomical food price rises? So the evidence of the Government being focused on an input without regard for the outcome is rightly identified by the Select Committee.

The second of the three Cs, climate change, is rapidly becoming the greatest threat, not only to us, but to the developing world, as the reports note. The parts of the globe that have done the least to bring about climate change will suffer the most. As the world's resources become scarcer, energy and water supplies will become the battlegrounds of the future and will give rise to more conflicts. We have to face up to our complicity in hurting the developing world. I concur with the Committee that mitigation is an urgent task, but we should not give up the game on prevention yet. That means radically and drastically cutting our impact on the globe, and it means developing countries playing their part in terms of their own emissions. We need a powerful climate change Bill with real teeth—I am a bit concerned that the one we are getting has dentures.

I come now to education. The Prime Minister is committed to educating the children of the developing world, but more than half of the 77 million children of school age around the world who are not in school are from conflict-affected fragile states. That damage to education will last for generations. The skills and education to recover from the devastation of years of conflict just will not be there. Some 80 per cent. of the 20 poorest countries have endured major conflict in the past 15 years. Conflict completely wrecks development progress—all that work and funding—almost overnight, leaving a terrible, long and painful legacy.

I was pleased when the then Chancellor said that he would support a special teaching emergency force to go into conflict areas to ensure that children whose family, home and life are torn away by war have the interim support of schooling and teachers. Coincidentally, that was almost identical to my idea for an education version of the Red Cross. I can only assume that great minds think alike, because we do not nick policies in this House. But where is that force? Have the Government delivered on that? Perhaps the Secretary of State will be able to confirm the reports I have heard that, one year into a five-year programme, only £2.5 million of the £50 million promised for the Democratic Republic of the Congo has been delivered. That does not seem enough.

Mr. Eric Joyce (Falkirk) (Lab): It is worth while reflecting that, when we give aid to a country, it has to be able to use the aid properly. The Congo is a very large country with a very low capacity to deliver anything at the moment. I was just reflecting on the effect that the Government have had on Africa as a whole. Does the hon. Lady agree that the Government have played a pivotal role in the universal provision of education in Rwanda, and other central African states such as Uganda?

Lynne Featherstone: Yes, of course I do. I have already congratulated the Department on that and on the genuine commitment to education in the developing world. That is absolutely pivotal.

Nevertheless, I would still like the Secretary of State to come back to me on the point I just made. I understand the difficulties of the spend in the Congo, but that is a very small proportion of what was promised. If we divide £50 million by five, we are looking at £10 million a year. Perhaps the Secretary of State can explain whether we are talking about a capacity-building exercise, or what the issue is in relation to that seemingly slow start.

Education aid can directly intervene and raise the fortunes of people in the too many corners of the world that are blighted by poverty. It comes down to a question of cold, hard cash, and how much we give. We would have expected the first full comprehensive spending review from the new Prime Minister to honour, if not exceed, previous commitments on Britain's overseas development assistance. It is therefore astounding that, according to my reading—I stand ready to be corrected—there seems to be a bit of backtracking on a previous spending commitment. In the 2004 spending review, DFID proudly announced that the United Kingdom would spend 0.47 per cent. more of gross national income on overseas development assistance in the 2007-08 period. However, in the most recent comprehensive spending review, this figure—on the website at least—appears quietly to have dropped to 0.37 per cent. I am happy to give the Secretary of State the links to the Treasury web pages that show that differential of 0.1 per cent.

Mr. Douglas Alexander: Does the hon. Lady accept that of course there is variation because of the specific deals on debt relief, for which she praised the Prime Minister? An example is Nigerian debt relief, which is factored into the figures. Does she further accept that with an average annual increase of 11 per cent. in real terms, our budget will rise to £7.9 billion in 2010-11, and, overall, the official development assistance to gross national income ratio will rise to 0.56 per cent. in 2010? That meets our share of our European commitment, meets our Gleneagles commitment, and puts us on a straight line to 0.7 per cent. of gross national income by 2013.

Lynne Featherstone: I thank the Secretary of State for that intervention, because I was about to say that if there was a 0.1 per cent. difference—perhaps he can still explain that to me, as the figure appears on the website—it would put things slightly off track. Perhaps we could examine that later.

Liberal Democrat Members would welcome a renewed sense of urgency in the Government on development. The Committee rightly pointed to the urgent work that is needed at the heart of the Department for International Development to drive efficiency, and I agree on that point, but we need to go one step further. Development can no longer be seen as a silo, and as a foreign affairs accessory that can be trotted out, and sometimes used as a fig-leaf to hide some of the Government's more contradictory actions.

Mr. Alexander: That is outrageous.

Lynne Featherstone: The Secretary of State says that that is ridiculous, but I point once again to the selling of a military air traffic control system to Tanzania for about £28 million, while we were giving it aid worth the same amount. That is contradictory.

Mr. Alexander: Will the hon. Lady give way?

Lynne Featherstone: I am only two paragraphs from the end of my speech, but I will give way.

Mr. Alexander: I am grateful for the hon. Lady's generosity. She seems to be suggesting, perhaps inadvertently, that the aid that is provided is tied. It is already a matter of record in this debate that British aid is now untied. It would be unfortunate if the House were left with the impression that she was suggesting that the significant uplift, which should be a cause of celebration on both sides of the House, will be used for anything other than poverty reduction. Will she take the opportunity to congratulate the Prime Minister on honouring the commitments made at Gleneagles, and on ensuring that the money that is committed and available to DFID and other Departments will be spent on poverty reduction?

Lynne Featherstone: I accept that. I was simply talking about joined-up thinking, because when issues such as the situation in Tanzania come to light, they seem to fly in the face of the evidence that the Secretary of State just put before me.

Consideration of what is good or bad for the world's poorest must be at the heart of the Government's foreign affairs policy if the Prime Minister is to make good his promise that Britain will meet its international obligations in full. We cannot go on saying one thing and doing another—I am talking specifically about corruption, in the terms that I used earlier. For the sake of the hundreds of millions of people for whom the millennium goals are still a faraway dream, I hope that the Prime Minister—the clunking fist—will, without further delay, turn yet further towards the development cause.

3.38 pm

Ann McKechin (Glasgow, North) (Lab): I commend the Department for International Development for its work. As a Member of the Select Committee, and having seen its work first-hand on a number of occasions, I feel that we should be proud of the palpable dedication of many of its staff, particularly abroad. I pay tribute to my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) for his International Development (Reporting and Transparency) Act 2006, because it helps us to focus our attention on our work on international development, and to hold our Government to account for what they do. That is a strong message to send, not only to people in the UK, but to our partners.

As a number of speakers have pointed out, and as the Select Committee stressed in its report, we need to concentrate more on the outcomes of our interventions, and not simply on the inputs. Since the Gleneagles summit in 2005, a false argument has sometimes been put forward on quantity of aid versus its quality. For the world's poorest it is not an either/or debate: we need both. As the Prime Minister rightly pointed out in his speech to the United Nations on 31 July regarding the millennium development goal targets, the pace of change is

"too slow; our direction too uncertain; our vision at risk."

I shall focus on a few areas where the pace and direction of our interventions, as a bilateral donor and as part of the wider international donor community, needs to change. The first area is gender. Time and again the Select Committee has returned to the topic in its various reports as a matter of concern, and I am happy to say that that view is shared by all my colleagues on the Committee, all of whom, by coincidence, are male. The reason for concern is blindingly obvious. Over 60 per cent. of those in absolute poverty are women, and many of them are young girls, but too often gender in development is treated as an added-on issue, rather than core to the way in which we tackle poverty. In aspects of development such as security or private sector development, the issue of gender is rarely mentioned and when it is, there is a tendency to tack it on at the end or just to say that it is very difficult.

We need to view gender in the context of basic human rights, rather than merely as an awkward problem. Girls in particular face a raw deal. They face double discrimination due to their gender and their age, and as a result in many societies they remain at the bottom of the social and economic ladder. They face discrimination even before they are born. It is estimated that 100 million girls and women are missing because of the growing practice of female foeticide in some parts of the world. Girls are less likely to be educated, are more likely to suffer malnutrition, and are more at risk of gender-based violence and forced marriages at an early age.

We need to take a whole-of-life perspective if we are to get to grips with the scale of these problems. DFID has rightly focused attention on schooling and health care, but discrimination takes many forms. Lack of formal birth registration processes entrenches girls' invisibility. Local and national traditions of lower minimum ages of marriage for girls and the use of child domestic workers effectively lock out their voice from the wider community. Lack of equal rights of inheritance and the creation of status offences discriminate against girls in legal systems and entrench their low economic status.

As an international donor we need to support work that challenges the status quo, creates a space for women's voices to be heard and supports a strong, consistent call for their rights to be upheld. The need for this is never greater than in so-called fragile states. I am aware that my hon. Friend the Member for Falkirk (Mr. Joyce) hopes to speak later on the situation in the Democratic Republic of the Congo where the UK is the largest bilateral donor, but I, too, want to add my voice to the call for us to redouble our efforts in that region.

Members may have read reports in *The Guardian* this Monday about the increase in violence in the eastern DRC in recent months and the shocking statistics in relation to women who live there. Médecins sans Frontières was reported as stating that over 75 per cent. of the rape cases that it dealt with worldwide emanated from this region. We can justly claim that in the DRC rape and sexual slavery have reached epidemic proportions. It is the main form of attack. The many, many stories of absolute barbarity are truly shocking. It is perpetrated by all the various military groups in the region and also by civilians, as society has effectively broken down in many areas after years of

[Ann McKechin]

the most intense conflict witnessed on this planet. It is believed that 4 million people have been killed since 1998. More than any other conflict, this has become a war against women, yet where is their voice in the current discussions about how we achieve peace?

I recently received correspondence from the platform of Congolese women in the UK, outlining their concerns at the current crisis and calling on the Government, together with members of the international community, to implement a national action plan based on Security Council resolution 1325, seek to restore security and effective demilitarisation, and start to address the causes of the conflict to ensure that a dangerous vacuum does not emerge again. Most importantly, we need to end the total impunity that exists for serious violations of national and international humanitarian law. I hope that the voices of Congolese women will be raised by our Government consistently, and I should be grateful if my hon. Friend the Minister would address these points in his closing remarks today.

The issue of security was also uppermost in our discussions when the Committee visited Afghanistan two weeks ago. Again, although there is a recognition that Security Council resolution 1325 is important, there appears to be little practical implementation. The Ministry of Women remains weak and largely ineffective.

It is of deep concern to me that in respect of the women's prisons of Afghanistan, we found countless references to women being imprisoned because they did not want to marry the person chosen by their family, because they ran away from home or because they had sex outside marriage. That is an issue that we will address further in next year's report, but I flag it up today as another example of the challenges that DFID needs to face—and face urgently.

As we work in fragile states, we often find a dearth of functioning civic society for ordinary working women. When we speak about the need to bolster governance, we also need to see how women's voices can be heard not only at parliamentary level, but at grass-roots level. We need to bolster capacity and representation for women in local councils and allow the space for women's organisations to grow and develop.

The second issue that I want to raise today is that of environment. It has been the subject of a great deal of debate, and the Government's commitment to the World Bank fund and to the area of research is welcome. Some people airily declare that it is perfectly feasible to plant solar panels and wind turbines in health clinics and schools throughout remote rural communities as a means of combating the problem. However, we need research and policy development to see how to manufacture renewable technology in the regions themselves at sufficiently low cost to be affordable and to have the reliability and easy maintenance required to meet the environments in which they will be located. That is no easy task and, by definition, it means developing a whole range of skills that could be picked up by large numbers of people. I sometimes think that that is more of a challenge than the inventions themselves. We also need to help low-income countries to retain their low-carbon status, while at the same time being able to invest in areas that will achieve greater economic growth. The capacity for such long-term strategic planning is currently low, and I believe that the UK and other major donors can contribute significantly to this field.

There have been concerns that the funding required for adaptation over the next decade will swamp the existing Overseas Development Administration commitments, so we need to consider now the innovative solutions required to bring in this extra finance. In his report, Sir Nicholas Stern estimated that we need an extra 10 per cent. on top of existing estimates for aid requirement. The UK has been a world leader in innovative funding through the international finance facility and UNITAID.

May I take this opportunity to recommend that Ministers look at the report, launched last week, of the all-party group on debt, aid and trade, of which I am the Chair? The report looked into the possibility of having a sterling stamp duty on all sterling foreign exchange transactions. At a rate of only 0.005 per cent. it would generate £2.4 billion a year. I would like the Government to consider that report and undertake research into whether it could be used as part of a new funding mechanism. As I said, it is not just the quality of aid that is important; we also need more on quantity as well.

3.47 pm

Malcolm Bruce (Gordon) (LD): I greatly welcome the opportunity to engage in this debate. In the short time available, I thought that I would comment on some countries in which we have been engaged recently as well as on the general thrust of today's report. I should like to place on the record my thanks to the staff of the International Development Committee for ensuring that the report was available today; that required a degree of effort but has added to the value of our debate.

We have been concerned with a number of countries in the past year. The Secretary of State referred in his opening statement to Burma, and we recently published a report on that country. I want to thank the right hon. Gentleman first for his very prompt response in announcing the doubling of aid and secondly for his indication to the House today that that does not limit the aspirations. After all, we can always talk about money, but the ultimate point is always effectiveness. We all agree that there is a greater capacity for more aid to reach poor people in Burma than has been delivered. We greatly welcome the Secretary of State's commitment to achieve that.

The Committee was concerned, however, although we understood the reasoning, about the basing of the entire Burma DFID staff in Rangoon. Many of the expatriate organisations supporting the Burmese people in a whole variety of ways are perforce operating out of Thailand. The suggestion that a quarterly meeting with those groups is sufficient and that Thailand is only a plane ride away does not fulfil the need for regular contact. I therefore hope that the Secretary of State will think again about whether a permanent DFID presence in Bangkok might still be necessary and justified, as the Committee recommended.

The Committee visited Pakistan some time ago in the wake of the earthquake. Obviously, more recent events in that country are a considerable cause for concern. Will the Under-Secretary say whether consideration is being given to the way in which aid might be delivered in Pakistan in the changed circumstances? Put simply and starkly, it would be wrong for DFID money to go directly to a President who has suspended the democratic process. The people of Pakistan must not, however, be denied the effective aid that is needed to deal with issues of poverty and development.

My colleague the hon. Member for Glasgow, North (Ann McKechin) has alluded to the fact that the Committee returned two weeks ago from a week-long visit to Afghanistan, where we had the opportunity to visit not only Government agencies, NGOs and our representatives in Kabul, but the field around Kabul—part of the Committee went to Helmand and part of it to Mazar-e-Sharif—to get some idea of the scale and diversity of the challenges facing all the agencies in Afghanistan, from the Government to the people and the international community. The Committee will produce a detailed report, but I do not think that I am anticipating that unreasonably by saying that, difficult and challenging as the situation is, we all recognise that we should be in Afghanistan and that it is a long-term commitment. It is a poor country and our objective must be to give it a chance to develop. The balance between military and civil development activity will probably need to be reassessed, but we will write shortly to the Secretary of State with our interim views, and then publish a detailed report in the new year.

The Committee remains somewhat unhappy about the Government's policy towards the Palestinian occupied territories. Some of that is history, on which it is probably not appropriate to dwell too long. A huge opportunity was missed, however, when there was a Government of national unity, to provide some kind of continuing support. The Palestinian community is now very divided, and the international community has taken sides, supporting one half and isolating the other. Let me make it absolutely clear that I hold no brief whatever for Hamas, but it was elected by the Palestinian people. If we are trying to build a viable Palestinian state, there is a danger of being part of the process of increasing the wedge and division within and among the Palestinian people.

Mr. Douglas Alexander: Let me reassure the right hon. Gentleman. As he will be aware, when the Prime Minister spoke on foreign affairs on Monday evening he indicated his intention that I travel to the Palestinian territories and Israel in the coming weeks. Obviously, we are looking ahead to the Annapolis meeting. As was indicated in Prime Minister's questions, there is a willingness for financial resources to be committed in support not simply of the peace and reconciliation efforts, but of the economic development needs of those communities. I assure the right hon. Gentleman that the matter is receiving urgent attention from the Government and Ministers.

Malcolm Bruce: I am grateful for that. Perhaps this is a subject for a another debate, but I remain concerned that, as things stand, the international community has added to, rather than solved, the problems of the people of Palestine.

Having made those specific comments about countries where we have a direct engagement, one positive story was our visit to Vietnam in the summer. The Committee was impressed by DFID's contribution and the value that it added to the programme there. Given that we are contributing £50 million a year—a substantial amount—to a country in which we do not have a long-standing record, part of the reason for the visit was to determine whether we were adding value that other donors could not provide. We were persuaded that we were doing that. It is worth placing on the record that Vietnam has the look of a success story in development terms: it has every prospect of making the transition from a low-income country to a middle-income country in short order.

That brings me on to the wider issues of how DFID can deliver effectively the 0.7 per cent., to reach the largest number of poor people in the largest number of countries. The right hon. Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) rightly made much of our collective aspiration to reach that target. As our report stated, however, simply saying that we will spend more money to achieve an aspiration is, as I am sure that the Secretary of State will acknowledge, unique to his Department. If any other Minister were to talk in such terms, he or she would almost certainly have his or her knuckles rapped by both the Prime Minister and the Secretary of State, saying "What I want to know is not how much money you will spend, but what you are going to achieve—what the outcomes will be." I am not suggesting that DFID does not concern itself with outcomes, but I think it reasonable to say that in these unique circumstances it is important for us to persuade the British taxpayer not just that we are meeting United Nations aspirations, but that we are determined to ensure that the money is spent as effectively as possible to deliver poverty reduction.

Although the Committee has made it clear that it understands and accepts the staffing constraints, we are concerned about what the implications may be, and there may come a time when we take a different view. Providing budget support, advice and the detailed range of practical measures that is required is people-intensive. In evidence to the Committee, DFID staff have acknowledged that the present constraints may lead to consequences that are not driven by policy: we may be forced to invest more than we would otherwise have invested in multilateral agencies over which we have less direct control, give more to consultants than would otherwise be appropriate, or reduce the number and range of programmes that we commit to and the number of countries in which we operate. If that happened, the Committee would want to think again about whether the Department should be under such constraints.

Mr. Alexander: I am sympathetic to the case that the right hon. Gentleman makes about the need to review staffing levels constantly, but given that—notwithstanding the success that has been enjoyed—DFID accounts for approximately 8 per cent. of global aid flows, is it not reasonable to seek to increase our commitment to the multilateral institutions, not just because they are currently capable of contributing to poverty reduction but because they are the means by which we can secure influence over institutions which themselves have considerable influence over the effectiveness of aid globally?

and community paediatric services were fully in place. Can she repeat the importance of that guarantee now in view of the fact that, last week, the health authority published a timetable that would appear to make it extremely difficult to fulfil the promise of the IRP?

Ann Keen: I can say to my hon. Friend today that the safety of mothers and their babies is our priority at all times and the views of clinicians and midwives are always taken into account.

Mr. Nicholas Soames (Mid-Sussex) (Con): Is the Minister aware of the magnificent work done by the Support the Princess Royal campaign in Haywards Heath to save the maternity services mentioned by the hon. Member for Lewes (Norman Baker)? Is she also aware that because of the Government's outlandish housing targets for the north of Sussex, the population is growing at such a pace that to have the idea that it would be sensible to downgrade maternity services at the Princess Royal is really an act of folly? Will she receive a delegation from the Support the Princess Royal campaign to discuss this matter with them?

Ann Keen: The hon. Gentleman raised this issue in an Adjournment debate of which I took serious note. As I have said to the House, the views of clinicians and the safety of mothers are paramount at all times. If he wants to bring new evidence to me, he should by all means do so.

Mr. David Burrowes (Enfield, Southgate) (Con): If the Minister is serious that clinicians' views and the interests and safety of mothers and babies are paramount, why is a proposal being made to downgrade maternity services at Chase Farm hospital without the clinical evidence? Why is it that that unit, along with the others mentioned in the House today, are close to the level that the Royal College of Obstetricians and Gynaecologists recommends should be kept open?

Ann Keen: There is no evidence at all that the clinicians' views in any of the reconfigurations are not being taken seriously. Safety for mothers is paramount, and that is why we have the safest record in Europe and one that is even safer than that of the United States. That point is on the record. We have to say that reconfiguration sometimes causes distress through the consultation, but the consultation will proceed at all times by taking into account the safety of mothers and babies.

Charles Hendry (Wealden) (Con): Is the Minister aware that on the first Sunday in June, the maternity units at Brighton, Eastbourne, Worthing, Hastings and Haywards Heath were all full and stopped admitting pregnant mothers? With a rapidly growing population in Sussex, and with units already at capacity, is it not madness to be suggesting that there should be fewer units, rather than maintaining those that are there now?

Ann Keen: I am sorry to keep repeating this, but there is no other answer. We have to look at the safest practice for mothers and babies, and clinicians are asking us to do so. I am sure that the local health economy has taken these points into account.

Sir Nicholas Winterton (Macclesfield) (Con): Would the Minister accept that the quality and safety of maternity services very much depends on the midwifery profession? I declare an interest as an honorary vice-president of the Royal College of Midwives. I know that the Minister is aware that there is a shortage of midwives in both the community and hospitals. Will she seek to do something to increase the number of midwifes to benefit maternity services throughout England, including in Sussex?

Ann Keen: I am sure that the Royal College of Midwives is very pleased to have the hon. Gentleman as an honorary vice-president. Being a friend to midwives is always a popular thing to do. I assure him that 1,000 extra midwives are being recruited. We are looking seriously at return-to-practice courses for midwives who have left for a variety of family reasons. I agree with the hon. Gentleman that more needs to be done, but that is what we are doing, and I look forward to working with him to achieve that.

Anne Milton (Guildford) (Con): Is the Minister aware that my hon. Friend the Member for Eastbourne (Mr. Waterson) is leading a march through the streets regarding maternity services in his area? Is she also aware that according to a recent survey by the Royal College of Midwives, two thirds of midwives say that they have considered leaving the profession, while almost half those people state that increased work load and having to compromise care are the main reasons why? How does the Minister expect to fulfil the Government's aspirations of choice when people in the maternity services are demoralised, when more midwives are leaving than joining, when the birth rate is up 12.5 per cent.—

Mr. Speaker: Order. I have got to say to the hon. Lady that she must not make a speech from the Dispatch Box. She is asking a supplementary question.

Ann Keen: Perhaps I could give some general tips on marching because I marched throughout the '80s and '90s when the Conservative Government were in power. We were constantly marching and raising money for services. Many members of the profession were leaving then, but members of the profession today are pleased to be involved in the review in which the NHS is participating, and they will be celebrating 60 years of the NHS with us next year.

Connecting for Health System

4. **Dr. John Pugh** (Southport) (LD): What recent assessment he has made of the effectiveness of connecting for health; and if he will make a statement. [162933]

The Minister of State, Department of Health (Mr. Ben Bradshaw): Progress with NHS computer systems is measurable in hospitals, general practices and pharmacies across the NHS in England. Despite the challenges associated with all large IT programmes, the connecting for health system is bringing benefits to doctors, nurses and, most importantly, patients.

Dr. Pugh: I thank the Minister for that answer, but hospital patient administrations from the supplier, iSOFT, are still not in place. After an £80 million bung from the NHS, financial meltdown, an investigation of the company and a takeover by the Australians, can the Minister guarantee that hospital software ordered from iSOFT is written, workable and ready for roll-out by 2008, or are we being a tad optimistic?

Mr. Bradshaw: Progress is good, as the Health Committee accepted in its recent report. There have been delays, but any cost overruns are being borne by not the taxpayer, but the private suppliers. When the private suppliers have been unable to deliver the goods, they have been replaced by other private suppliers.

Mr. Kevin Barron (Rother Valley) (Lab): Is any further training taking place in the national health service—in both the primary and acute sectors—so that people are able to use the connecting for health system?

Mr. Bradshaw: Yes. One of the criticisms in the Health Committee's report—we responded to it in full yesterday and almost entirely accepted it—was about the need for better clinician engagement. That is certainly going on across the health service. It is worth the House acknowledging the enormous benefits for not only patients, but health service staff, from having proper IT systems that are integrated and can deliver better patient care.

Dr. Howard Stoate (Dartford) (Lab): My hon. Friend will know that to maximise the usefulness of all our health service professionals, especially in primary care, it is essential that we make maximum use of the expertise of pharmacists. What plans has he to ensure that pharmacists will soon have read and write access to patient records, so that we can maximise everyone's skills in primary care?

Mr. Lewis: Pharmacies' use of IT for e-prescribing is increasing all the time. My hon. Friend will have to wait a little while, until we publish our pharmacy White Paper, for us to say more about that, but he is right to say that there is enormous potential for pharmacists to deliver better services to patients if they have full access to IT and their access is interoperable with the rest of the health service.

Gastro-intestinal Cancer Treatment

5. **Mr. Hugo Swire** (East Devon) (Con): What discussions he has had on the centralisation of upper gastro-intestinal cancer services in Devon; and if he will make a statement. [162934]

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): My hon. Friend the Member for Exeter (Mr. Bradshaw), in his capacity as a local constituency MP, has passed on concerns raised by his constituents. The organisation of services is best decided locally, and the Devon overview and scrutiny committee has recommended formal consultation on the proposals.

Mr. Swire: The Minister will be well aware of the well regarded provision of keyhole surgery in the treatment of gastro-intestinal cancer, as performed by the Royal Devon and Exeter hospital. He will also be aware that in his NHS next stage review interim report, Lord Darzi states:

"Localise where possible, centralise where necessary."

Does the Minister not agree that it is quite unnecessary to move the provision of that treatment from Exeter to Plymouth, and will he hold urgent discussions with the Devon primary care trust to point out the error of its ways?

Mr. Lewis: No final decision has been made. The local authority has said that, even before it decides whether to refer the matter to the Independent Reconfiguration Panel, it wants to consult locally. I urge the hon. Gentleman to engage fully in that consultation, which will take place before any final decision is made. I should also point out that there is a contradiction in saying that it is inappropriate for the Government to issue central diktats and directions from Westminster and Whitehall while demanding central Government intervention in local decision making.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab) *rose—*

Mr. Speaker: You have to link your question to Devon.

Dr. Starkey: I will, Mr. Speaker.

When considering the reconfiguration of gastro-intestinal cancer services in Devon and, indeed, elsewhere, will the Minister bear in mind the innovative straight-to-test GI cancer assessment service pioneered by Dr. Madhotra at Milton Keynes, which has drastically cut the time taken to get patients through diagnostic services? That is clearly relevant to the examination of GI cancer services everywhere.

Mr. Lewis: That was ingenious and innovative, like the doctor my hon. Friend mentions. Her point is incredibly important, because it underlines the fact that developments in medicine and technology and the genius of clinicians are changing the health service all the time, so to maintain services as they were before those changes occurred would be a complete nonsense. That is why calling for a moratorium on any change in the NHS is irresponsible.

Hearing Aid Assessments

6. **Mr. Adam Holloway** (Gravesham) (Con): What the average waiting time was for hearing aid assessments in (a) Gravesham and (b) England in the last period for which figures are available; and if he will make a statement. [162935]

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): The median waiting time for a diagnostic audiology assessment, including hearing assessment, is 52 weeks at the Medway NHS Trust, which includes the area of Gravesham. The average for England is 16 weeks.

Mr. Holloway: Does the Minister think that the Government will hit their own target of six weeks to initial assessment by 2008, given that now some of my

constituents are waiting up to 12 months? Has he thought about the distressing effect of such waits, especially on the elderly?

Mr. Lewis: The length of waiting times in the hon. Gentleman's local trust and in some others is entirely unacceptable. That is why we have a target of a maximum wait for assessment of six weeks to be achieved everywhere by March 2008. It is also the reason why, in March, I issued the new audiology framework, which is essentially a strong message to every trust in the country that they must reduce waiting times to the level achieved by the best PCTs, which is already happening in many parts of the country.

Charlotte Atkins (Staffordshire, Moorlands) (Lab): Is my hon. Friend aware of North Staffordshire primary care trust's use of mobile facilities, particularly in Leek? It massively reduces waiting times, both for assessment and for fitting devices.

Mr. Lewis: That is exactly the kind of innovative and imaginative process that was suggested in the framework that we issued in March. In every locality, the most effective way of reducing waiting times for assessment and the fitting of hearing aids should be deployed. Where that imagination and innovation is to be found, we need to learn about it, and we need to ensure that it is mainstream throughout the system. As the hon. Member for Gravesham (Mr. Holloway) said, not having access to appropriate hearing services is distressing for people, and it affects their quality of life; that is why the issue is so important.

Norman Lamb (North Norfolk) (LD): The Royal National Institute for Deaf People estimates that over 500,000 people are waiting to have hearing aids fitted. In many parts of the country, people are waiting far more than a year to have one fitted. Will not those who are waiting feel badly let down by last week's announcement that the 18-week target will not be quite as watertight as we were all led to believe? Is not that yet another instance of manipulation of Government targets, as the Government knew full well that they had no chance of meeting the target?

Mr. Lewis: It seems eminently sensible that when we set targets, we take account of practical issues such as the fact that patients sometimes fail to turn up and fail to co-operate with the clinicians and the health service. It would be nonsense to tell hard-working NHS professionals that they had failed to meet a target due to circumstances outside the control of either the trust or the professionals and clinicians involved. Think of the damage to morale that that would cause. The announcement made last week is entirely sensible, and it will not affect the fact that we will get waiting times down for audiology services in every part of the country.

Hospital Cleanliness

8. **Philip Davies** (Shipley) (Con): If he will make a statement on the training given to staff conducting the deep clean of hospitals. [162937]

The Secretary of State for Health (Alan Johnson): Deep cleaning will occur in all hospitals starting this winter, and it will be completed as soon as possible thereafter. Resources will be allocated through the strategic health authorities. Trusts' deep clean plans will vary according to local need, and trusts will be able to identify what additional training is needed to ensure that their local programme is delivered to the appropriate standards. All trusts will submit costed deep clean plans to their lead primary care trust, which will monitor performance against the plan, according to normal performance management arrangements. Strategic health authorities will take an overview of progress across their area and will report to the Department. We will assess the progress and impact of the programme.

Philip Davies: Given the importance of tackling hospital-acquired infections, perhaps the Secretary of State will explain why it has taken the Government 10 years to come up with a rigorous cleaning programme, say how many fewer cases of MRSA we can expect in our hospitals as a result of the initiative, so that we can test whether it has been successful, and say how deep cleaning compares with using environmental cleansing equipment, such as Steris's vaporised hydrogen peroxide equipment, to tackle the disease.

Alan Johnson: The deep clean is one of a series of initiatives. The issue is the subject of huge public concern. We are the only country in the world that has mandatory comprehensive surveillance, and the only country in the world that knows exactly what the situation is with our health care-acquired infections. As a result, we are able to tackle the issue through a series of measures—not just through the deep clean, but through the "bare below the elbows" policy, which has been used at the Royal Marsden hospital for many years, just as deep cleans have been used in many hospitals for many years. It is a case of ensuring that every hospital follows best practice.

There are other initiatives, of course, such as the new powers that we are giving the care quality commission—an issue that we will discuss in the debate on the Gracious Speech. There is pre-screening for MRSA for all people coming into hospital, whether for elective or emergency surgery. There is a whole series of other measures, which means that we have a comprehensive programme to address the problem, which affects all countries around the world.

Mr. David Anderson (Blaydon) (Lab): Does the Secretary of State accept that what is needed for clean hospitals is not just deep cleaning but an assurance that we will continue to clean them, and thus a motivated, well-funded work force? Will he learn the lessons of the 1980s, when the Conservatives reduced the number of ancillary workers in England from 177,000 to 60,000?

Alan Johnson: I agree with my hon. Friend about the need to ensure that there are proper cleaning facilities. He may wish to know that spending on hospital cleaning has increased from £403 million in 2000 to £662 million in 2006-07, which is an increase of almost 65 per cent., so it is essential to ensure that there is investment in cleaning services as part of a range of measures to tackle those problems.

Dr. Julian Lewis (New Forest, East) (Con): My constituent and friend, Doug Gregory—a wartime Mosquito pilot who was awarded the distinguished flying cross—has just survived his latest brush with

death in Southampton general hospital, where he contracted C. difficile after a routine operation. Is it not a disgrace that people go into our hospitals and find themselves fighting for their lives under such circumstances in the 21st century?

Alan Johnson: I express my commiserations to the hon. Gentleman's constituent, but let us get this into context: there have always been health care-acquired and associated infections.

Mike Penning (Hemel Hempstead) (Con): Not on this scale.

Alan Johnson: We do not know what the scale was, as the simple fact is that it was never measured and no figures were produced. Indeed, people who have worked in the health service for many years suspect that it was far greater in the past than it is now. Turning to the serious point made by the hon. Member for New Forest, East (Dr. Lewis) about clostridium difficile, there is a question about hand cleanliness, and it is soap and water that work rather than an alcohol rub. The big problem, however, is a certain complacency about prescribing antibiotics. We can engage in political cut and thrust, but the message that we must all give our constituencies is that this issue is about washing hands and ensuring that they are clean; it is about ensuring that there is responsible prescription of antibiotics; and it is about ensuring that patients who unfortunately acquire those infections are isolated as soon as possible and given cohort nursing. Those are the three major rules, and it would be good if we all ensured that that is the message that we give the public.

Mark Simmonds (Boston and Skegness) (Con): While questions remain about the scientific evidence and the Government's analysis and monitoring of the Prime Minister's deep-cleaning policy, Ministers cannot escape the fact that the Government are responsible for infection control. Centrally controlled process-driven targets, high bed occupancy, lack of focus management and financial deficits all exacerbate the prevalence of hospital-acquired infections. Given that 111 trusts have not complied with hygiene standards, it is clear that Government policies have not worked. When will the Government implement a search and destroy policy, and ensure that the Healthcare Commission specifically analyses, measures and reports on C. difficile rates?

Alan Johnson: I disagree completely with the hon. Gentleman about the reasons for the problem, particularly, as once again, the lame excuse that targets have something to do with the failures at Maidstone and Tunbridge Wells has been trotted out. *[Interruption.]* The hon. Member for Guildford (Anne Milton) says, "Read the report", but the exact words of the chairman of the Healthcare Commission were:

> "Targets or their equivalent are an inevitable feature of a modern 21st-century healthcare system, in the sense that some standard or measure to be achieved must be part of the management of any organisation providing healthcare. The obligation to meet targets cannot be used as an excuse for failing to meet other management objectives."

Indeed, he made exactly that point in the text of the report on Stoke Mandeville a year ago, so to suggest that patients have a choice—they must wait on long waiting lists, or take eight hours to get to accident and emergency, and if they are not prepared to do so, they must put up with hospital-acquired infections—is nonsense. The second point I would make—

Mr. Speaker: Order. That would not be fair to those who took part in the ballot and whose names appear on the Order Paper.

Skin Cancer

9. **Mrs. Siân C. James** (Swansea, East) (Lab): What recent discussions he has had with charities concerned with teenage cancer on skin cancer prevention. [162938]

The Minister of State, Department of Health (Dawn Primarolo): SunSmart, the national skin cancer prevention and sun protection campaign, is run by the charity Cancer Research UK on behalf of the UK Health Departments. The Department's officials are in regular contact with the charity, which has a dedicated SunSmart website and produces resources and information that include advice relevant to teenagers.

Mrs. James: I appreciate the Minister's answer. I recently met representatives of the Teenage Cancer Trust, who have been supportive of my campaign to restrict or stop the use of sunbeds by underage children. Will my right hon. Friend meet other child cancer charities to raise awareness of skin cancer in young people and to highlight the dangers of overexposure to the sun and of sunbed use?

Dawn Primarolo: I congratulate my hon. Friend, who has been tenacious in pursuing that important campaign. As she knows, organisations such as the Teenage Cancer Trust are doing excellent work in this area. I have already arranged to meet my hon. Friend, and I am happy to leave it to her discretion whether she brings representatives of the children's cancer charities to that meeting or suggests an attendance list for a subsequent meeting when I can discuss the issues that she raises.

Topical Questions

T1. [162920] **Mr. John Spellar** (Warley) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Health (Alan Johnson): The responsibilities of my Department embrace the whole range of NHS, social care, mental health and public health service delivery, all of which are equally important. I am delighted that in the Gracious Speech there are two Bills for which my Department has responsibility—the Health and Social Care Bill and the Human Fertilisation and Embryology Bill. I am also pleased that my Department is leading on the Green Paper on the long-term reform of the funding of the social care system, as announced in the pre-Budget report.

Mr. Spellar: I congratulate the Secretary of State on taking urgent action on the obscene payout to the chief executive of the Maidstone hospital. That is only the tip of a rotten iceberg in the health service, with a considerable number of officials getting outrageous

payouts and then often sliding into other jobs in the NHS or consultancy contracts. That is damaging to the NHS across the country and to staff morale. What is he going to do about it?

Alan Johnson: My right hon. Friend is right to be concerned. Three things—first, in relation to other trusts, I have asked the chief executive of the NHS to write to all trusts pointing out that any payments to be made above and beyond contractual obligations must be cleared through the strategic health authority and cleared by Her Majesty's Treasury. Secondly, on redundancy payments, all staff ought to receive the same deal on redundancy. If the redundancy agreement is for x times annual salary, that applies to people at the highest level as well as at other levels in the health service. The third point on which I have asked for action is that the period of notice should not exceed six months for someone in a senior position. It could well be less than that, but it should not be more than that. A combination of those three steps can address an issue for Members in all parts of the House—that public money should not be squandered on large and unjustified payouts for senior executives. It rankles with staff in the NHS and it brings the vast majority of very good managers in the NHS into disrepute quite unfairly.

Tim Farron (Westmorland and Lonsdale) (LD): The NHS dental practice in Ambleside in my constituency serves 3,000 NHS dental patients across a geographical area of more than 90 square miles. The PCT in Cumbria is planning to close down the Ambleside practice in March next year, when the current dentist retires. Given that already 50 per cent. of my constituents do not have access to an NHS dentist, does the Secretary of State agree that the PCT in Cumbria should ensure that the NHS dental practice in Ambleside remains open?

Alan Johnson: The PCTs have an obligation to ensure that there is proper dental provision in their areas. We are spending another £450 million on dental care. We have discussed new contracts, but under the old contract if a dentist decided to pack up and leave or go to the private sector, the local community lost that dental service. Under the new procedure and contract, the PCT is obliged to ensure that proper NHS dental provision is available. If the hon. Gentleman would like to write to me about the issue that he raised, I shall look into it.

T2. [162921] **Paul Farrelly** (Newcastle-under-Lyme) (Lab): My right hon. Friend will be aware that, according to the Royal National Institute of Blind People, the leading cause of blindness in the UK right now is age-related wet macular degeneration. The new drug Lucentis is costly but effective in treating the condition. Four of my constituents have been summarily refused the drug by North Staffordshire PCT until the National Institute for Health and Clinical Excellence finally pronounces. Meanwhile, other PCTs around the country are providing funding for the drug.

Will my right hon. Friend urge NICE to get a move on in its review and will he work with midlands MPs to ensure that precious resources go to patients who are going blind and not to multi-million-pound eye-care contracts, such as that with an independent treatment centre in Burton, which is simply not working well?

The Minister of State, Department of Health (Dawn Primarolo): I understand the important point raised by my hon. Friend about Lucentis; it has been raised with me directly by a number of Members from both sides of the House.

On the deliberations of NICE, the final appraisal determination has not yet been made available. It is important that the consultation and procedures for appeal are properly followed; it is an independent organisation and must take the proper steps. My hon. Friend's second point was about the particular experiences in his own area. I shall be more than happy to meet him to discuss the issues and see what action I can take.

Mr. John Redwood (Wokingham) (Con): Given the urgency of tackling the more than 6,000 deaths a year from hospital-acquired infections in our hospitals, why does not the Secretary of State take urgent action on the issue, rather than waiting 18 months so that a new quango can be set up? Whatever that quango might be able to do should be done now, because the problem exists now and people should not live in fear of dying from going to hospital.

The Secretary of State for Health (Alan Johnson): If the right hon. Gentleman is referring to the care and quality commission, I should say that legislation needs to go through for the regulator to be given those extra powers. However, that does not mean that we should freeze everything in aspic. As was mentioned earlier, there are a whole series of initiatives. I did not mention the doubling of the number of improvement teams, nor the fund of money available to nurses at the front line so that they can access things, such as curtains and fittings, that they know very well need to be replaced. I did not mention that we are going to move from 2,000 to 5,000 matrons and that they will be given power over the cleaning contract and given whistleblower protection to report on such issues to the trust and beyond. The right hon. Gentleman is right to be concerned about the issue; it is a matter of concern to the public. However, there are a whole series of measures, none of which we need wait 18 months for.

T4. [162923] **Mr. Andrew Dismore** (Hendon) (Lab): My right hon. Friend will be well aware of the outcry that followed the decision on the YL case in the other place. It was decided that elderly people living in private-sector care homes were excluded from the protections of the Human Rights Act 1998. That is a serious issue that requires urgent attention. Will my right hon. Friend say when and how it will be tackled so that the elderly in private care homes have the same protections as everybody else?

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): My hon. Friend is right to raise that issue of concern. Publicly funded residents of private residential and nursing homes should be covered by the 1998 Act and I believe that that was Parliament's original intention. The Department of Health is engaged at ministerial level in discussions with the Ministry of

Justice; we shall look for an appropriate legislative slot to put that anomaly right. In the meantime, I shall consider what instructions we can give to the regulator to ensure that homes, including independent-sector homes, are regulated on the basis of their meeting the requirements of the 1998 Act.

Mr. Andrew Lansley (South Cambridgeshire) (Con): Does the Secretary of State agree with his predecessor that

"Fewer beds are a sign of success"?

The Secretary of State for Health (Alan Johnson): I am not aware of that quote, but I agree in the sense that the amount of time that people spend in hospital should be reduced. That is happening in health care services around the world. As the hon. Gentleman knows very well, it is now perfectly acceptable, with a whole range of new technology, to treat people closer to their home and to provide that if they do have to go to hospital, they spend less time there. A good example is that of cataracts. Ten years ago, the number of people waiting for long periods—more than a year—for treatment for cataracts was huge; that number has been reduced dramatically. Today, 5 per cent. of patients spend more than one night in hospital for a cataract operation; 10 years ago, it was 50 per cent. All those factors combine to say that the number of beds in a hospital, which was traditionally the way in which one judged that one had a decent health service, is increasingly becoming irrelevant.

Mr. Lansley: I am surprised that the Secretary of State does not read the *Daily Mirror*—the quote was from 8 February this year—but I advise him not to agree with his predecessor, as that is probably a bad idea.

On 8 November, the Secretary of State's Department published a study into infection control which said that high bed occupancy rates were considered to be a key factor that affected infection control decisions in about 70 per cent. of responding trusts. Will he tell the House when the Government intend to meet the commitment that he gave to the Public Accounts Committee in 2000 that by 2003-04 bed occupancy rates would average 82 per cent.? They are still more than 2.5 per cent. above that and, as we saw in Maidstone and Tunbridge Wells, that is directly contributing to deaths of patients.

Alan Johnson: We want to get bed occupancy rates down to that level, and we are not there yet, although the averages around the country are reducing. I do not draw that parallel between bed occupancy rates and rates of health care-acquired infections—*[Interruption.]* Well, there are hospitals around the country that have a fairly high level of bed occupancy, and a very low level of health care-acquired infections, so I do not think that there is an absolute parallel between the two.

Chris Ruane (Vale of Clwyd) (Lab): Tens of thousands of Welsh patients are treated in English hospitals each year. Does my right hon. Friend believe that Welsh MPs, of all political parties, should be able to lobby and write to him and his team and to speak and vote in this House on English NHS issues?

The Minister of State, Department of Health (Mr. Ben Bradshaw): I certainly agree that they should be free to lobby. Indeed, one of my hon. Friend's colleagues recently came to see me with a group of fellow MPs from England about an issue regarding services at the Countess of Chester hospital. He is absolutely right to draw attention to the issue, which I have taken up with my Welsh colleague. If he wants to come to talk to me about a similar problem, he is welcome to do so.

T3. [162922] **Mr. Philip Hollobone** (Kettering) (Con): On 16 May, in a Westminster Hall debate on Kettering general hospital, the then Health Minister accepted an invitation to visit the hospital to see the work being undertaken to meet foundation trust status and the efforts being made to counter the hospital's misfortune at being top of the national league tables in terms of hospital-acquired infections. Sadly, that visit never took place, so will the Secretary of State or a new Health Minister accept a fresh invitation to come to visit the hospital to see for themselves, first hand, the work being done there?

The Secretary of State for Health (Alan Johnson): I gladly volunteer the regional Minister to go to visit the hon. Gentleman's constituency.

T5. [162924] **Dr. Evan Harris** (Oxford, West and Abingdon) (LD): I wonder whether Ministers have seen today's report on public health ethical issues by the Nuffield Council on Bioethics. In the press coverage, Oxford was unfairly singled out as having particular problems of binge drinking. Does the Minister accept that binge drinking, particularly among the young, is a real problem, especially in the era of 24-hour drinking? Perhaps the Government could spend more time concentrating on that issue instead of seeking for political reasons to criminalise cannabis more.

The Minister of State, Department of Health (Dawn Primarolo): I have had the opportunity to look at the report to which the hon. Gentleman refers. I entirely agree that under-age drinking is a crucial issue that we need to address as a Government because of the harm caused to those young people. I am sure that he agrees that we have made important progress in reducing access to alcohol for the 11 to 15 age group. None the less, harm is being caused to young people who are still drinking excessively, and we need to consider that and take proposals forward.

Mr. David S. Borrow (South Ribble) (Lab): I would like to raise an issue with my right hon. Friend the Secretary of State. He has made it clear that when the National Institute for Health and Clinical Excellence is considering whether a drug should be made available on the NHS, primary care trusts should consider any application to use that drug on the basis of medicine rather than finance. However, concerns were raised with me about a recent case. An applicant who needs a drug went to the panel in the PCT, then went to appeal and lost. There is a sense that that person has no further right of appeal and no possibility of getting an independent judgment, separate from the PCT, as to whether a life-saving drug should be made available.

Dawn Primarolo: My hon. Friend is correct about the advice on what PCTs should do when considering whether to prescribe a drug. I am not familiar with the precise details that he raises, but if he sends me details, I shall be happy to meet him to consider appeals to the local PCT panels in order to determine whether there is an issue that needs to be addressed.

T6. [162925] **Mr. Michael Fallon** (Sevenoaks) (Con): Is the Minister aware that one of the factors contributing to bed overcrowding at the Maidstone and Tunbridge Wells trust was the continuing closure of beds at the excellent Sevenoaks community hospital due to financial pressures on the primary care trust? When are those beds likely to be reopened?

The Minister of State, Department of Health (Dawn Primarolo): As the hon. Gentleman will know, the local health authority has undertaken a review of future requirements for beds in the community hospital and has announced that over the next year to 18 months it will open beds in those facilities to address the future need that it believes will exist in the local community.

Security Industry Authority

3.31 pm

The Secretary of State for the Home Department (Jacqui Smith): With permission, Mr. Speaker, I would like to make a statement on Security Industry Authority licensing checks and the issue of entitlement to work in the United Kingdom.

The Security Industry Authority was established in 2003 under the terms of the Private Security Industry Act 2001. Before its establishment, the private security industry was largely unregulated, with no national licensing system. The legislation sets out that the SIA must establish that applicants are fit and proper before granting them a licence; the detailed criteria are set out in the SIA publication "Get licensed". The fit and proper person requirement primarily involves establishing that the applicant has undergone training and that identity and criminality checks have been completed. To date, more than 250,000 licences have been issued.

I must make it clear from the outset that it is the legal duty of all employers to ensure that those they employ are entitled to work in the United Kingdom. The SIA has not failed to do anything that it was obliged to do in law. As my hon. Friend the Minister for Borders and Immigration stated on 11 September 2006, in response to a question from the hon. Member for Monmouth (David T.C. Davies):

> "Employers have clear legal responsibilities under the Asylum and Immigration Act 1996 which makes it a criminal offence to employ a person who is subject to immigration control unless that person has permission to work in the UK. The possession of a Security Industry Authority licence does not give a person a right to work in the UK, and employers are still expected to assure themselves that their employees have the necessary permission."—[*Official Report*, 11 September 2006; Vol. 449, c. 2234W.]

That is a matter of record in this House.

While under no legal obligation, the SIA has the discretion to seek information that applicants have the right to work in the UK. As a responsible organisation, the SIA decided in April 2005 to initiate a limited right-to-work check on 10 per cent. of non-European economic area applicants. I am informed by the SIA that between April 2005 and December 2006, more than 3,000 checks were conducted and 41 individuals were identified who were not entitled to work in the United Kingdom. Licences for those individuals were refused.

Ministers were informed in April 2007 that a Border and Immigration Agency enforcement operation had identified that 44 people employed by a security company did not have the right to work in the UK. Of those, 12 had been subcontracted to a further company that provided staff to guard locations under Metropolitan police contracts. One of the individuals was involved in guarding an MPS facility where modified cars would be taken for any repair work. Those identified at that stage were immediately removed from their posts. The Metropolitan police have assured me that there was no security threat to any of the vehicles that had to visit that facility.

In June this year, the BIA and the SIA agreed that the BIA would carry out a more intensive check of the 10 per cent. sample of non-EEA applicants. That analysis showed that a higher proportion of non-EEA applicants might not have a right to work than the earlier work had suggested. Ministers were informed and immediate action was taken.

From 2 July this year, every applicant identified as a non-EEA national by the SIA also has their right to work in the United Kingdom checked. I am informed by the SIA that of the 32,500 licence decisions made since 2 July 2007, 740 were refused because the SIA was not satisfied that the applicant had a right to work in the UK. I have been advised by the BIA that all those cases are in the process of being investigated with a view to enforcement action. In addition, from 1 October the SIA has required new and tighter identity checks for all applications and renewals.

Although action could be and was immediately taken on new applicants, it remained unclear how many people who had been granted licences before 2 July did not have the right to work. The SIA undertook further work to assess the potential volume of licences that might have been given to people who did not have the right to work in the UK to consider what remedial action should be taken. On 9 August, I set out my approach to the advice I had received. My approach was that the responsible thing to do was to establish the full nature and scale of the problem and to take appropriate action to deal with it, rather than immediately to put incomplete and potentially misleading information into the public domain. Much has been made of the fact that I said the lines to take were not good enough for the press office or Ministers to explain the situation. The fact is that they were not good enough because the analysis of the issue had not been completed.

I took immediate action by asking for work to estimate the numbers involved to be speeded up. I was not content to wait 10 weeks to get these numbers and asked for that time to be halved, and to have preliminary advice on my return to the office on 20 August. I approved a letter from the SIA to senior managers of all 2,000 private security companies on its records reminding them of their obligation as employers to check entitlement under section 8 of the Asylum and Immigration Act 1996. I made it clear that I did not want to delay the schedule for its release.

I also approved with modifications a second letter from the Cabinet Office to Government HR directors and departmental security officers reminding them that all staff with access to Government assets should be subject to the requirements of the baseline personnel security standard, which includes the verification of an individual's right to work in the UK. I will place copies of the two letters in the Library of the House.

I requested an update by 2 pm the following day, and received a further update from officials on 10 August. In that update, officials believed that it should be possible to provide revised estimates of the numbers involved by the end of August. In the advice that I received on 30 August, I was informed that the SIA and the BIA could build the capacity to check the estimated 40,000 non-EEA nationals who had previously been granted licences at the rate of 4,000 a month from October 2007.

On 5 September, I asked for further details on why that process should take so long and also asked the Under-Secretary of State for the Home Department, my hon. Friend the Member for Gedling (Mr. Coaker),

[Jacqui Smith]

who is responsible for crime reduction, to chair a taskforce to resolve and, if possible, to increase the figure of 4,000 a month. The taskforce met on 8 October. As a result of that, the current estimate is that those checks will now be completed in December—much more quickly than originally planned—and I will report again to Parliament when that work is complete. Preliminary work by the BIA has categorised the 6,000 cases checked so far into three groups, although those figures are not finally verified. Provisional assessment from the BIA reports that 77 per cent. of those checked have been shown to have a right to work, with 10.5 per cent. shown not to have a right to work. Checks are ongoing on the remaining 12.5 per cent. I repeat that those are early estimates.

I believe that that is a clear example of the Government's determination to put in place effective systems and procedures further to protect the public and to keep those systems under review. As has been made clear, possession of an SIA licence does not give a person a right to work in the UK. Employers are expected to assure themselves that their employees have permission to work. That is what the law requires of them. We have nevertheless taken action to tackle illegal working in the security industry sector. As I have demonstrated today, Ministers and officials are taking robust action to satisfy ourselves of the scale of the problem and to ensure that the SIA and the BIA work together to address it.

David Davis (Haltemprice and Howden) (Con): I thank the Home Secretary for advance sight of her statement.

When the current Prime Minister became leader of the Labour party he heralded, in his words,

"a different type of politics—a more open and honest dialogue: frank about problems, candid about dilemmas, never losing touch with the concerns of people."

Faced with one of her first tests, why was the Home Secretary not frank and candid about the 5,000 illegal workers licensed to work in sensitive security posts in this country? She has now admitted to the House that she was first told on 12 July, but she instructed officials that the matter was—I quote from her e-mails—

"not ready for public announcement".

There are two key issues. Has the Home Secretary dealt effectively with the original crisis and has she been open and honest with the public?

The response of the Home Office so far has been blunder, panic and cover-up: blunder when it set up the Security Industry Authority and did not ask it automatically to check when granting security licences to potentially illegal workers; panic when it was first told about that in April; and cover-up when it decided not to tell the public because, according to one of the Home Secretary's leaked e-mails, she did not think

"the lines to take that we currently have are good enough for Press Office or Ministers".

She says that that was because the analysis of the issue was not complete. Let us be clear about this. The Government have known about the problem since April. She says that they had not completed the analysis by August. It is now November. The House has been sitting since early October. Is this really the first opportunity that she has had to tell the House about the issue? Is she telling the House that it had nothing to do with the advice that she was given that if the media became aware of the issue, they would be likely to focus on the various "negative stories" associated with SIA licences?

I have a number of specific questions for the Home Secretary; I hope that she will answer each of them. Can she confirm that 11 illegal workers were guarding Metropolitan police buildings? In the case to which she referred of the illegal worker guarding the site where the Prime Minister's car was parked, how can she, or indeed the Met, be sure that there was no actual or potential security threat? How many more illegal workers were guarding Government buildings or other critical national infrastructure? Can she guarantee that no illegal worker is still guarding any Government, police or military building, or any other part of our critical national infrastructure today? Of the 5,000 illegal workers identified, how many have been caught? How many have been removed from the country?

Given the Home Secretary's stance on employers, how many employers have been prosecuted because of these discoveries? Does the Border and Immigration Agency now notify the SIA immediately when an SIA licence holder's work permit expires? If not, why not? And why has the Home Secretary not made proposals to place a statutory duty on the SIA to check immigration status before awarding a licence, given the Home Office position that

"an SIA licence is seen as a demonstration that the holder is a fit and proper person to work in a position of trust within the security industry"?

The Home Secretary no doubt regrets not making this statement some time ago. The Prime Minister spoke of frank and candid government yet, in one of her first actions as Home Secretary, the right hon. Lady put avoiding political embarrassment ahead of solving the problem and informing the public. That is neither frank nor candid.

Jacqui Smith: The right hon. Gentleman says that there are two tests for the Government: whether effective action is taken and whether accurate information is given. I agree that those are the two tests for the Government. I have spelled out the effective action that has been taken already, and the action that we are taking, to tighten the system and to clarify the full extent of those granted licences before 2 July, when the full checks were put in place. I also agree it is important for the Government to give accurate information, which is why I have made it clear that I will return to the House when the speeded-up process of clarifying precisely what the situation is has been completed. I will report the results to the House then.

On the specific points that the right hon. Gentleman has raised, I made clear in my statement the position with respect to the 12 employed on Metropolitan police contracts. I have received assurances from the Metropolitan police that there was no danger to cars from the activities of those guards. It is also clear that the Metropolitan police, and other employers, will review and take seriously their responsibilities to check the right to work of those who are securing their facilities. It is also clear that in writing as I did, not only

to 2,000 private security companies but to Government Departments to identify the need to carry out these checks, and in referring the Departments to the specific requirements relating to the employment of security guards in Government areas, I quite rightly undertook to communicate with those who were able to make a difference.

I have a responsibility to act and to explain. I do not make any apologies to the House for being the sort of Minister whose first reaction to an issue is not "What should I say about it?" but "What should I do about it?" That is what I have done. I have taken action and, when I am clear about the situation, I will return to the House and report to it.

I want to make one further point to the right hon. Gentleman. He rightly challenged the original legislation. The Opposition's approach at the time of our introducing the Private Security Industry Bill, according to the then Member for Surrey Heath, was:

"The Opposition's approach to the Bill is that it should not place unnecessary, overly complex, bureaucratic or burdensome regulations on the legitimate sector of the industry."—[*Official Report*, 28 March 2001; Vol. 365, c. 980.]

To speak now with the hindsight displayed by the right hon. Gentleman is disingenuous, to say the least.

Finally, I share the right hon. Gentleman's concern that all those who work in this country should have the right to be here, which is why this Government will introduce identity cards for foreign residents from next year. We are yet to learn whether Opposition Members will support that.

Keith Vaz (Leicester, East) (Lab): I welcome the Home Secretary's statement, the actions that she has taken and her undertaking to return to the House in December, presumably, to tell us about the outcome of all the inquiries. Is she satisfied that the form that is currently used for an application for a licence allows for full disclosure concerning the right to work? Has she seen the form, and is she satisfied that it does that? Will she undertake to give the appropriate department in the Border and Immigration Agency the resources to complete the task by December 2007?

Jacqui Smith: My right hon. Friend has made an important point. First, the SIA has expected much tighter documentation of identity since 1 October. Secondly, the SIA's ability to carry out, as it has done since 2 July, the 100 per cent. checks on the right to work of everybody applying for a licence is supported by the ability directly to fax applications to the BIA and by the ability of the BIA to check that information and return it to the SIA. I am content that appropriate new arrangements have been implemented. I am also content that we have speeded up the process for the verification of those granted licences before 2 July, but as my right hon. Friend will have heard, I have constantly argued for faster progress in order to be able to report on licences granted before 2 July.

Mr. Jeremy Browne (Taunton) (LD): May I start by apologising on behalf of my hon. Friend the Member for Sheffield, Hallam (Mr. Clegg) for his absence from this statement?

The previous Home Secretary, the right hon. Member for Airdrie and Shotts (John Reid), famously said that the Department was "not fit for purpose". Following his review, we should remember that the structures and staff in the Home Office are the sole responsibility of this Government. After 10 years in power, and with a slimmed-down Home Office stripped of many of its functions, how can the Secretary of State explain the continued incompetence in her Department? Is it not the case that the Government talk tough on crime and immigration, whereas the reality is weakness and failure? The Government need to spend less time legislating to create party political divides and more time concentrating on running their core functions effectively.

Will the Home Secretary publish the findings of her internal inquiries? Will she also tackle the entire culture of spin and obfuscation in her Department? The legions of media officers working in the Home Office are paid by us, the taxpayers, to inform the public and not to conceal the deficiencies of her Department. The Home Office would benefit from a fresh approach based on frankness, openness and transparency.

Why did the Home Secretary not report the information to Parliament when MPs returned on 8 October, the same day that the taskforce met? What confidence can the public have that the Home Office is capable of running the vast ID cards database, when it is unable to administer much smaller projects properly? Is not the truth that even with a new Prime Minister, a new Home Secretary and all the restructuring, the Home Office under Labour is still not fit for purpose?

Jacqui Smith: We are all sorry that the hon. Member for Sheffield, Hallam (Mr. Clegg) decided to campaign today rather than attending the Chamber.

The hon. Member for Taunton (Mr. Browne) is wrong: there has not been a blunder in operational terms. In fact, the issues were identified because of improved joint working between the SIA and the BIA going beyond the requirements of the SIA licensing regime in order to make sure that there was a belt-and-braces approach to ensuring the right to work of those applying for a SIA licence.

In operational terms, there has been no blunder; there has been an improvement in processes. I have already reiterated to the hon. Gentleman that I believe that the job of any responsible Minister and certainly the Home Secretary is to provide this House and the public with accurate and clear information. That has been my priority throughout.

Frank Dobson (Holborn and St. Pancras) (Lab): Does my right hon. Friend accept that most sensible people would expect any Home Secretary, particularly a new Home Secretary, to want to know the full facts before disclosing them? Following the point made by the right hon. Member for Haltemprice and Howden (David Davis), is my right hon. Friend going to ensure that all these private sector employers are prosecuted for their criminal offence in employing people who should not have been employed? Where they are holders of Government contracts for security, will she ensure that they lose them, even if in some cases it makes it more difficult for them to give funds to the Tory party?

Jacqui Smith: We take seriously the responsibility of employers to carry out right-to-work checks for their employees, which is why the BIA and my hon. Friend

[Jacqui Smith]

the Minister for Borders and Immigration have already undertaken a consultation on what more we can do to ensure that employers who negligently employ people without a right to work face appropriate civil penalties and that those who knowingly employ workers without a right to work actually face much stiffer penalties. That will help to ensure that all employers live up to their responsibilities. Alongside that, we will continue to ensure that the BIA provides support and assistance to help employers to carry out that activity.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Has the Home Secretary asked herself why all the failures of her Department are in the same direction—the direction of lax application of the rules, failure to apply checks and failure to deport people? Is it not because, within the discretion granted by law, officials do what they believe their masters want them to do? Have they not reached the conclusion that this Government want to increase and allow the maximum amount of work and settlement in this country, while minimising the problems and minimising the numbers?

Jacqui Smith: The right hon. Gentleman is just plain wrong. As I spelled out to the hon. Member for Taunton a few moments ago, there has not been any failure of the pfocesses during the course of this activity. There has been a tightening of the requirement to put alongside an application for an SIA licence a check for a right to work. That is not a statutory obligation: it is an additional operational safeguard put in by the Government and jointly adopted by the SIA and the BIA. It is an improvement of the position, not a blunder or a failure.

Mr. David Blunkett (Sheffield, Brightside) (Lab): I congratulate my right hon. Friend on her very clear statement. Will she confirm that, during the passage of the Bill that established the Security Industry Authority, no Opposition Member—then or since—raised the issue of transferring clear legal responsibility from employers to the SIA? Will she also confirm that in dealing with this issue in July, she took cognisance, first, of the fact that we need a robust and reliable biometric database to be able to identify those who should not be claiming and able to work in this country and, secondly, of the critical importance of not equivocating or agonising about the analysis, but actually to act? My right hon. Friend did exactly that and we should congratulate her today on the steps that she has taken.

Jacqui Smith: I did not have the pleasure of serving on the Committee that considered the Private Security Industry Act 2001. As my right hon. Friend says, however, I understand that the Opposition at no point argued for the things that they now argue should be in that legislation. In fact, as I have pointed out, they specifically argued for a proportional and light-touch approach.

My right hon. Friend is right: the changes made have been the result of improved operational activity between the Security Industry Authority and the Border and Immigration Agency, and of our not being satisfied solely with the statutory obligations on the Security Industry Authority—we have increased the obligations over and above those originally required in law. Our action has toughened the system.

Mr. Michael Howard (Folkestone and Hythe) (Con): When the fiasco first came to light, did the Home Secretary tell the Prime Minister? If not, why not? If she did, did the Prime Minister remind her of his promise to abandon spin and embrace candour?

Jacqui Smith: I did not tell the Prime Minister because there was not a fiasco; action was taken to strengthen the system, and there was an investigation to provide the evidence to allow an explanation to be given to the public. There was no fiasco or blunder; there was strengthened and improved action.

Chris Mole (Ipswich) (Lab): Will my right hon. Friend expand on how the introduction of ID cards for foreign nationals will help employers have certainty at the point at which they take people on? Does not the Opposition's resistance to that proposal suggest that their concerns expressed today are more crocodile tears than real ones?

Jacqui Smith: My hon. Friend makes an important point. I am genuinely interested in how we can ensure that only those people who have a right to be and work in this country can do so. It is the responsibility of employers to check that, but it will be manifestly easier to do so if the people who have a right to stay and work in this country have ID cards. Frankly, arguing for tougher controls and attempting to criticise the Government, while being unwilling to support the things that will make the system stronger and better able to ensure that only those who should be here can work, is, to say the least, hypocritical. As my hon. Friend suggests, it has much more to do with political soundbites than serious politics and policy.

Mr. Andrew Robathan (Blaby) (Con): The Home Secretary stated:

"The fit and proper person requirement primarily involves establishing"

among other things,

"that identity . . . checks have been completed".

Will the Home Secretary explain how an identity check does not show immigration status and whether the person identified has a work permit? Surely we identify somebody so that we know what they are about, yet at least one in 10—possibly one in five—security personnel work illegally.

Jacqui Smith: As of 1 October, one of the things that we have tightened is the documents that must be provided to the Security Industry Authority to identify somebody correctly. The hon. Gentleman, however, identifies a problem: clever criminals can forge documents. That is why a Government-managed identity scheme for foreign residents will provide more certainty of identity. Given his question, perhaps he will support that.

Ms Dari Taylor (Stockton, South) (Lab): When a full analysis of the situation is made, does the Home Secretary believe that it would be appropriate to publicise a list of all employers who appear to be either ignoring or understating their responsibilities?

Jacqui Smith: I would not want to make a commitment to the House that I was not clear that we could deliver. My hon. Friend, however, makes an important point: it is the employer's responsibility to check the right to work of somebody employed in the security industry. To help them to do that, we have introduced 100 per cent. right-to-work checks, using records of the Border and Immigration Agency, from July this year. We have given the industry's employers every assistance, which I hope they will take up, and I hope that they will live up to their responsibilities, which are clearly spelt out in law.

David T.C. Davies (Monmouth) (Con): The questions referred to in the statement were tabled in September 2006 in response to industry insiders who were telling anyone who would listen that that was what was happening. Why did it take the Home Office an extra seven months to discover something that a Back Bench Member of Parliament and anyone in the security industry knew about in September?

Jacqui Smith: As we made clear in response to the hon. Gentleman's question, it is the responsibility of security industry employers to check the right to work of those people whom they employ. I have made that case clearly already.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I congratulate the Home Secretary on using the SIA, set up by this Government, to tackle this particularly difficult problem. What assessment has she made of the effect that the light-touch approach advocated by the Opposition would have on her ability to deal with this problem?

Jacqui Smith: My hon. Friend makes an important point. Up to 2003, it was of course the case that there was no regulation for people working in the security industry. It was this Government's willingness to take through the Private Security Industry Act 2001 and set up the SIA that enabled us to identify and solve the problem and to strengthen the restrictions on those working in the security industry.

Pete Wishart (Perth and North Perthshire) (SNP): How many of the people identified so far have held high-security jobs in Scotland? What discussions has the Home Secretary had with Scottish Ministers? Can she confirm that even though she has known about this issue since April she has made no attempt to consult or inform Scottish Ministers, even though this is a serious and significant issue north of the border?

Jacqui Smith: No, I obviously cannot give the hon. Gentleman details about those people working in Scotland. Scottish Ministers will understand their responsibility, as do UK Ministers, for ensuring that employment law is appropriately applied.

Mr. David Clelland (Tyne Bridge) (Lab): Is not this the industry that, under the Conservative Government, was allowed to get away with paying wages of, on occasion, less than £1 an hour? Was it not our Government's minimum wage policy that put a stop to that? Is it not now clear that certain elements of the industry are continuing to try to get away with paying derisory wages, and should not my right hon. Friend be congratulated on trying to put a stop to that again?

Jacqui Smith: I certainly think that it is important that we support high-quality employers in the security industry. That is why one of the improvements that the SIA has been able to make is an assured employers scheme, which acts as a kitemark of high-quality employment practices, including as from 1 August the ability of employers to verify the right to work of those whom they employ. That is regulation that, as my hon. Friend points out, supports responsible employment in the security industry and has improved the industry as a whole.

Mr. Keith Simpson (Mid-Norfolk) (Con): Following the question by my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard), can the Home Secretary tell the House on which date the Prime Minister was informed about this issue?

Jacqui Smith: The hon. Gentleman should listen. I said that I did not inform the Prime Minister because there was no blunder—*[Interruption.]* Action was being taken to strengthen—*[Interruption.]*

Mr. Speaker: Order. Let the Home Secretary speak. It is out of order for hon. Members to shout across the Chamber.

Jacqui Smith: Action was being taken to strengthen the system. Every day of the week, Ministers in the Home Office take action to strengthen and improve the system and we do not go running to tell the Prime Minister about it every time.

Andrew Miller (Ellesmere Port and Neston) (Lab): Perhaps I, along with Members from other parties who were on the Committee that passed the legislation, should apologise to my right hon. Friend for failing to spot a weakness in it. However, having taken out of the security industry crooks, vagabonds and other people with outrageous ambitions in their field, has not the SIA improved the security of places of work, including Government institutions?

Jacqui Smith: My hon. Friend is absolutely right. Before the SIA, the security industry in this country was unregulated. Although many in the industry carried out good work, there was certainly an opportunity for those who were not interested in either the security of the people and places they guarded or the employment of their staff to get away with it. That is no longer the case thanks to the work of my hon. Friend and others who took through the legislation.

Mr. James Clappison (Hertsmere) (Con): Were the workers in question in possession of national insurance numbers, and should not their legal status have been verified before they were issued with such numbers? Does the Home Secretary share my curiosity that, since 2004, her Department has issued work permits for 270,000 non-EU nationals, whereas in the same period 896,000 national insurance numbers have been issued for non-EU nationals?

Jacqui Smith: This is another area where sharing intelligence across government—in this case between the Border and Immigration Agency and the Department for Work and Pensions—will be important

[Jacqui Smith]

for doing what the hon. Gentleman and I have as a shared objective: making sure that those people who are here and who are working have a right to be here and a right to work. Perhaps he will therefore also support our plans for ID cards for foreign nationals.

Rob Marris (Wolverhampton, South-West) (Lab): I congratulate my right hon. Friend on resisting the naive siren calls of Opposition Members who seem to think that the records of 250,000 licence holders working in 2,000 companies can be checked overnight. That is not possible. Will she assure me that she will continue to ensure that she takes enough time to act to address the issues her Department faces and to publish accurate information—to make speed and not make haste?

Jacqui Smith: I can give my hon. Friend that assurance. Although I have consistently pushed for work to analyse those non-EU residents who have applied for SIA licences and consistently pushed to speed up the work to find out which of them had the right to work, it has been fundamentally important to me that that work is done with accuracy and that I am able to report it fully when I am confident about its accuracy.

Mr. John Redwood (Wokingham) (Con): Since the Home Secretary reminded all public sector employers of their duties under the legislation, how many illegal immigrants have been found to be working in the public sector, and what action is she proposing to take about that?

Jacqui Smith: Never mind whether it is the public or the private sector, there is rightly continued enforcement activity, including, for example, the 3,700 successful Border and Immigration Agency enforcement operations against illegal workers last year. All that work would have been decimated by the Conservative party's proposals in its manifesto at the last election to halve the money made available to the agency. It is a bit rich for Conservative Members to demand enforcement activity when they would have halved the agency's ability to carry it out.

Avian Influenza

4.13 pm

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): With your permission, Mr. Speaker, I would like to make a statement on an outbreak of avian influenza.

Last Sunday, Animal Health received a report of a large number of deaths in turkeys on premises near Diss on the Suffolk-Norfolk border. The premises house approximately 5,000 turkeys as well as around 400 geese and more than 1,000 ducks. The location was immediately placed under restriction, a veterinary investigation was carried out and samples were sent to the Veterinary Laboratories Agency in Weybridge, Surrey. Preliminary results received yesterday afternoon were positive for H5 avian influenza. Our contingency plan was immediately put into operation. A 3 km protection zone and a 10 km surveillance zone were established around the infected premises. No movements of poultry are currently permitted in those zones, although we are considering licensing necessary low-risk moves. Having acted on the suspicion that this was H5N1, I can tell the House that laboratory results earlier today confirmed that the virus strain was indeed the highly pathogenic H5N1.

The culling of all birds on the premises and the following up of any dangerous contacts will now take place—indeed, the culling has already begun. The health and safety of those involved in the operations are the priority and a strict approach is being taken. All workers on the premises already potentially exposed to infection have been given Tamiflu. All those who will be going to the infected premises will be given Tamiflu prior to commencing operations. Due to the nature of the premises, the work might take some time to complete.

The culled birds will be transported to a plant in Staffordshire in sealed, leak-proof containers that will be escorted at all times. That is the nearest suitable plant for rendering in these circumstances. It is the same plant that we used during the outbreak in February, which was also in Suffolk, and it is geared up to deal quickly with large numbers of carcases under biosecure conditions.

We have established both a national and local disease control centre, based in Bury St. Edmunds. We have also sent text messages to all birdkeepers nationwide, particularly to those in the zones who are on the poultry register. We will continue to work closely with Animal Health, local authorities and the industry on local and national communications.

In addition, following consultation with ornithologists and other experts, a wider restricted zone was established last night. The zone covers much of Norfolk and the whole of Suffolk, based on administrative boundaries. The housing of poultry, or their isolation from wild birds, is required in the zone. Movements in the zone can take place, but are not permitted out of the zone at present. We expect to make available general licences for low-risk movements out of the zone shortly.

The European Commission has been informed. The export of poultry to the EU remains permitted under EU law from areas outside the restricted zone. With third countries, we have notified all posts around the

world. We are withdrawing export health certificates for those third countries that already require complete avian influenza freedom.

In addition, the national general licences permitting bird gatherings in England, Scotland and Wales have been revoked. No bird shows or pigeon racing will be permitted for the time being. We have taken this measure nationwide as bird gatherings pose an especially high risk for the onward spread of the disease.

The measures that we have taken are precautionary and reflect the uncertainty of the situation. A full epidemiological investigation has started into the source of the outbreak and the risks of further spread. Tracings and surveillance work are under way. As a result of the investigation, we expect the culling of any dangerous contacts to take place. We will confirm details as soon as possible as more information becomes available.

It is too early to speculate about the source of the virus and all possibilities are being investigated. The chance remains that there might be further undisclosed disease in the area, which, as hon. Members will know, has a high density of poultry. As further information becomes available, and in consultation with ornithological and other experts, the restrictions already in place may be adjusted. It is for that reason that the acting chief veterinary officer, Fred Landeg, has been urging all poultry keepers to practise the highest standards of biosecurity and to be vigilant for signs of disease. It is very important that they act quickly and contact their local Animal Health office if they suspect anything.

I wish to reassure the House that avian influenza is primarily a disease of birds. It is an animal, rather than a human, health problem. The Department of Health and the Health Protection Agency have been fully involved in the action taken so far and their advice is clear. Avian influenza has so far been shown to spread between birds and humans only through close and prolonged contact with infected birds. In other words, it is a difficult disease to catch. Therefore, the only current known possible human health consequences are for those working closely with live or dead infected poultry. We have taken a precautionary approach to protect the health of the workers involved. The Department of Health has made seasonal flu vaccine available to all poultry workers to guard against the risk of the disease mutating by spreading to a person with seasonal flu. The Food Standards Agency advises that there is no risk in eating any sort of properly cooked poultry and eggs.

Finally, I would like to record my thanks to all those who are working so hard on this task, including Animal Health, local authorities, the police, stakeholders and many others, especially given the important work that is continuing on foot and mouth disease and bluetongue.

Mr. Peter Ainsworth (East Surrey) (Con): I thank the Secretary of State for his statement and for the brief advance notice I had of it. Like him, I look forward to the day when he comes to the House with something good to say.

Coming after foot and mouth disease and bluetongue, an outbreak of avian influenza at a turkey farm in the run-up to Christmas is a nightmare for the farming industry. Matters are tough enough in the poultry sector because of recent large increases in the price of feed. Farmers could be forgiven for asking what on earth they have done wrong to deserve the blows that they have had to endure this year. It is clearly especially bad news that the strain involved in the present case is the highly pathogenic virus H5N1. Although that means that even greater than usual vigilance will be required, it is important to recognise that, as the Secretary of State said, this is a disease of birds and it remains completely safe to eat cooked poultry meat.

As in the case of bluetongue, although—infamously—not in the case of foot and mouth disease, the latest outbreak of avian influenza arises from circumstances beyond the Government's control. I congratulate those who are involved in dealing with the situation on the ground in Suffolk, including local authorities. They have our good wishes.

Is the Secretary of State aware, however, that recently the Minister with responsibility for animal health, Lord Rooker, received a letter from Councillor Geoffrey Theobald, chairman of the Local Authorities Co-ordinators of Regulatory Services—LACORS—protesting at cuts being imposed by his Department in the funds available to local councils for dealing with outbreaks of animal disease? Councillor Theobald pointed out that originally £9.7 million was promised for those purposes this year, but that because of DEFRA's financial mismanagement only £8.5 million was allocated to councils. They have now been told to cut their animal health budgets by 12 per cent. within the last five months of this year. As Councillor Theobald put it to Lord Rooker,

> "This is very difficult to understand in the current environment where all local councils are working hard to control FMD and now bluetongue disease. To cut back on funding of disease control measures and other animal health work, by this amount and at this time, seems particularly inappropriate."

It seems even less appropriate now, following the latest outbreak of avian influenza.

The public simply will not understand why, with their local councils in the front line of the battle against such animal diseases and with resources already stretched to breaking point, DEFRA has pulled the rug on the budget for controlling animal disease. Can the Secretary of State explain why he is cutting the animal health budget for local authorities, and what he now proposes to do about it in the light of these events?

Obviously, it will be essential to take no risks with biosecurity, but can the right hon. Gentleman assure the House that he will take full account not only of the economic impact on the farming sector, but of the collateral impact on other rural businesses of any restrictions imposed? For example, this is a key time of year for shooting—an activity that contributes £1.6 billion to the UK economy. I understand that during the last outbreak of avian influenza, restrictions were placed on shooting without any consultation. Will the Secretary of State ensure that, notwithstanding the need to act quickly, there will be proper discussion with those whose livelihoods are likely to be affected by measures to control the disease?

After the avian influenza outbreak in February, the Government launched a lessons-learned inquiry. The report made 34 operational recommendations on the management of an outbreak of AI. The Government

[Mr. Peter Ainsworth]

accepted all of them, but how many have actually been implemented? What steps has the Secretary of State taken since the outbreak in Holton in February to increase awareness of the Great Britain poultry register? On that subject, can he confirm that some 3 million birds are registered within the surveillance zone? Has he any information on how many there are within the overall restricted zone?

What assessment has the Secretary of State made of the feasibility of housing a huge number of birds across the area, many of which are kept out of doors, with no housing available? What assessment has he made of the practicality of keeping commercial flocks away from the wild bird population? On transporting carcases for disposal, he will be aware that concerns were expressed during the Holton outbreak that lorries carrying carcases were not properly sealed, despite the Government's assertions to the contrary. What measures has he put in place to ensure complete biosecurity during transport?

We very much hope that the outbreak will be contained, but we must of course be prepared to deal with the consequences if it is not. Is the Secretary of State satisfied that he has the resources, facilities and slaughter capacity to deal with the culling and disposal of a much larger number of birds in a more widespread outbreak? Has he ensured that divisional veterinary officers have established arrangements for responding to an outbreak of disease at all large commercial poultry premises in their area, as recommended by the lessons-learned inquiry?

Finally, what assessment has he been able to make so far of the adequacy of the biosecurity arrangements at the farm at the centre of the outbreak, and when was that farm last inspected?

Hilary Benn: I am grateful to the hon. Gentleman for his kind words for those who have been working extremely hard in the past 24 hours and beyond to deal with the situation. I am aware of the letter that Councillor Theobald wrote. There is a discussion every year about the estimates of what local authorities will need to expend, and about the amount of money available. Given the length of time that the hon. Gentleman dedicated to that bit of his response to the statement, I was not entirely clear whether he was advancing the argument that the issue in any way affects our capacity, or local authorities' capacity, to respond to the outbreak. If he has any information to that effect, I would be grateful if he gave it to me.

We will assess the economic impact. The countryside remains open. On shooting, restrictions were previously put in place, but I can tell the House that I currently have no plans for such a restriction, because, on reflection, what was done last time seemed disproportionate to its potential impact. I promise that there will be consultation if that position changes. I will happily respond to the hon. Gentleman to let him know exactly where we have got to on the implementation of the lessons learned from the incident in February this year. I am sure that he will understand that those who might draw up that letter are now working hard, dealing with the current outbreak, so I will be extremely grateful if he will bear with me.

As the hon. Gentleman knows, the Great Britain poultry register was established in December 2005. As of 1 October, the register held details of 24,161 premises, and a very large number of birds have been registered in that time. Keepers of poultry premises with 50 or more birds are required by law to register their holding. Those with fewer birds are not required to do so, but it is possible for those with smaller flocks to do so on a voluntary basis. One of the difficulties is that there will be smaller poultry keepers who are not registered, so it is important that all of us give them the message that they, too, must be vigilant and must report any concerns that they have.

The hon. Gentleman raises an important point about the practicalities. Where there is housing, poultry can be taken inside, and netting can be used, but there are real difficulties. We must recognise the circumstances, particularly in view of the proximity of the premises in question to a nature reserve, where a large number of wild birds are to be found. I can assure him that every step will be taken to ensure that containers and lorries are properly sealed. I say again that if anyone has any concerns, it is important that they raise them with me or my officials.

Animal Health has the resources that it needs to deal with the current outbreak, but it is stretched because of the other two diseases with which it is dealing. I will not speculate in the House on whether the outbreak will get larger; we are doing our darnedest to make sure that it stays where it is.

On the hon. Gentleman's final point, investigations are taking place on the arrangements that applied at the farm concerned. The most important thing, having locked things down, is to trace the contacts and movements, so that we can take the appropriate action.

Paddy Tipping (Sherwood) (Lab): The Secretary of State has made it clear that if poultry is properly prepared and cooked there is no danger to human health from eating it—but this is a vital time for the poultry sector. Will he talk to colleagues and the wider industry to promote the case for poultry at a critical time for the industry?

Hilary Benn: I will gladly do that. We all have a responsibility, particularly at times like this, both to take the right action to deal with disease outbreaks and to reinforce the point that those industries are extremely important to the country, to exports and to the livelihood of the people who work in them. It is important that we promote their products, given the advice that I have received, and which my hon. Friend confirmed, that it is safe to eat properly cooked poultry.

Mr. Roger Williams (Brecon and Radnorshire) (LD): I, too, thank the Secretary of State for an advance copy of the statement. I pay tribute to those who identified the outbreak and worked to contain it in those premises. This is the third major blow to the UK meat industry: first foot and mouth affected the beef, sheep and pig industries, then bluetongue—and now, avian flu could not have come at a worse time for poultry farmers. What assessment have the Government made at this early stage about the likely origin of the outbreak, and the involvement of migratory birds? Could other poultry units be at similar risk? How quickly can licensing arrangements be up and running

for the movement of live poultry in and out of the restriction zone? I understand that there is a hatchery within that zone, and I should like to know whether the Minister has made any assessment of the welfare of chicks delayed in the hatchery because of movement restrictions. On the basis of welfare, what will happen to poultry owners who do not have enough housing to house all their poultry as required under the regulations? What assessment has the Minister made of the need to balance the restriction zones to ensure that we provide biosecurity and a proportionate response for the industry? Is he confident that Animal Health has sufficient capacity in its mobile gassing units to cull poultry on the affected site, and possibly other affected sites, to the agreed welfare standards? Finally, what assessment has he made of vaccination as a response to the outbreak?

Hilary Benn: I am grateful to the hon. Gentleman for his kind words for those who are working so hard at the moment. On the origin of the outbreak, the honest truth is that we do not currently know. We can speculate, but it is not terribly helpful to do so. Obviously, the epidemiological team will work very hard to try to find out the origin. We do not yet know whether this is the first and only case, or whether there are others; we will just have to see what transpires while working hard to contain the outbreak. Licensing officials will work to provide those licences as soon as possible. I have not looked at the question of the hatchery, but I will make inquiries and come back to the hon. Gentleman, if that is all right. Similarly, on cases where there is not sufficient housing, guidance is available on the website, but I will make inquiries about whether it is possible to net animals as an alternative. We absolutely will balance the restrictions that have been put in place, and have regard both to the overriding need to contain the outbreak, and to trade implications. That is why we moved swiftly last night to put the bigger restriction zone in place, so that bigger intra-Community trade can take place outside the zone.

The location of the outbreak makes it a difficult site for Animal Health, but having spoken to Glenys Stacey this morning about the equipment and material that has been brought in, I am confident that it is doing all that is required. As I reported to the House, the culling has already begun. The House will know that vaccination is permitted in zoos, because they house rare breeds, and biosecurity can be of the tightest standard, but apart from that, vaccination is not the policy and is not permitted, because it can mask animals carrying the disease, thus making the control of an outbreak more difficult. If that position changed, I would obviously inform the House, but the policy is not to vaccinate in these circumstances.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): I understand that the Department operates a dedicated helpline to deal with calls related to this serious problem. Will my right hon. Friend give the House a little more detail about the operation of the helpline?

Hilary Benn: Yes, I can. For those who want to make a note, the number is 08459 335577. The helpline operates from 6 am to 10 pm and it can provide information to those who have queries. Information is also available on the DEFRA website.

Mr. David Ruffley (Bury St. Edmunds) (Con): I thank the Secretary of State for contacting me promptly as soon as the outbreak was discovered in my constituency. I trust that he will give all the support in his power to those in the East Anglian farming industry as a whole, who have had a very tough year indeed. The local veterinary office in Bury St. Edmunds is already dealing with bluetongue controls. What additional resources will the right hon. Gentleman make available to that office so that staff, already busy, are not stretched to breaking point or deflected from important bluetongue surveillance?

Hilary Benn: I thank the hon. Gentleman for his kind words. That gives me the opportunity to thank the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Chatham and Aylesford (Jonathan Shaw) and the Minister for Sustainable Food and Farming and Animal Health, my noble Friend Lord Rooker, who have been notifying other right hon. and hon. Members whose constituents are affected by the bigger restriction zone. I can assure the hon. Gentleman that additional staff are coming into the disease control centre that has been established locally in Bury St. Edmunds, so that people can continue the work in relation to bluetongue. Sadly, as a result of the events of the past few months Animal Health is well used to gearing up and getting going pretty quickly, and that is exactly what staff are doing.

Mr. Henry Bellingham (North-West Norfolk) (Con): As the Secretary of State knows, I represent a large number of poultry and duck producers in west Norfolk. Can he tell me how many of those producers will be in the restricted zone? Also, at a time when the poultry industry is suffering huge pressure because of large increases in feed prices, what compensation will be available to farmers whose flocks have to be culled?

Hilary Benn: I have not yet done a count of the number of premises or producers who will be affected by the restriction zone that we put in place yesterday evening, but I am sure that information can be gleaned from the poultry register. If the hon. Gentleman will bear with me, I will get that to him as quickly as I can. The position on compensation is this: if healthy poultry are culled, compensation will be paid. If the poultry were already diseased or had died as a result of avian influenza, compensation is not provided. A calculation is done at the time when the culling takes place. Those are the well-established arrangements in place.

Mr. Richard Bacon (South Norfolk) (Con): What estimate, if any, has the Secretary of State made of the number of birds not covered by the poultry register? Although one can understand the reluctance to take steps that are disproportionate, it remains the case that the smaller flocks are more likely to be out of doors and more likely to be at risk. In a world where avian flu is apparently becoming more commonplace, is it time to consider extending the poultry register to cover most, if not all, birds?

Hilary Benn: The hon. Gentleman raises an important question. By definition, we do not know how many birds are not covered, because they are not

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on the register. The arrangements are those that I set out a moment ago. As I understand it, when the poultry register was first established, consideration was given to how low down, in terms of numbers, we should go in making it a requirement to register. A view was taken that at a certain point the regulatory burden—a subject with which many hon. Members are familiar—is greater than the case for making that a requirement. One of the things going on now is an attempt to identify those premises, particularly immediately around the premises at the centre of the outbreak. As I have said to the House on all such occasions, when the incident is over there will be further lessons to reflect upon, and the hon. Gentleman has raised one.

Mr. Keith Simpson (Mid-Norfolk) (Con): The Secretary of State is aware that I represent Mid-Norfolk. Sadly, over the past 10 years we have had, directly or indirectly, the impact of foot and mouth, swine fever, avian flu once, and now avian flu again and bluetongue. One of the things that I have learned from that—and I know how difficult this is for the Secretary of State—is that farmers and others need to be able to get up-to-date information easily. Sadly, in the past the system has frequently been overwhelmed. I understand that there is an element of resources and getting the process on flow, but I urge the Secretary of State to look into that matter. It is one of the issues that undermines confidence, particularly among farmers, in the first crucial week.

Hilary Benn: That, too, is an important point. We have done a range of things, some of which I have already described, to inform Members of Parliament, who are an important source of information down the line to constituents. We have introduced the helpline, the website and the news releases and notified local vets. The issues are widely reported in the media. As I have described, for all the registered keepers on the poultry register, information packs are ready to be delivered in the particular zones. The local media do a really important job, and the acting chief veterinary officer has given a press briefing this afternoon.

If it would be helpful to right hon. and hon. Members, I was going to suggest that we do a briefing. Would that be useful? [HON. MEMBERS: "Yes."] We could get some of the team along and Members could raise more detailed questions. If that would be of assistance, I shall organise it.

Sir Patrick Cormack (South Staffordshire) (Con): As it is essential that there should be public confidence in how the disease is tackled, and as we all know that there is no situation that is not made worse by panic, will the Secretary of State assure the House that the lorries taking the carcases to Staffordshire will not only be sealed but will be escorted by police?

Hilary Benn: I am happy to give the hon. Gentleman those assurances—in that the lorries will be escorted: there will be vehicles behind them to make sure that they are not leaking, and they will be checked before they go. The carcasses that went to Frome during the foot and mouth outbreak were dealt with in exactly the same way.

Stewart Hosie (Dundee, East) (SNP): I welcome the precautionary approach taken by the Secretary of State. I support the call for vigilance and agree that the disease is difficult to catch other than through close and prolonged contact with infected birds. The problem is on the Suffolk-Norfolk border, but the movement of wild birds cannot be controlled, and there are risks for elsewhere, particularly as the H5N1 strain is involved. Will the Secretary of State give an assurance that proper discussions are taking place with the agriculture and public health Ministers in the devolved Administrations, and that proper contact has been made with the chief scientific officers—particularly the chief veterinary officers—in the devolved Administrations as well?

Hilary Benn: The hon. Gentleman makes an important point. If it transpired that wild birds were responsible—that is an "if", because we do not yet know—that would be a difficult source of transmission to deal with. I am extremely grateful for the support of the devolved Administrations in agreeing, in respect of those parts of the United Kingdom, to the measures that I have announced this afternoon. Yes, we are in close contact; I cannot comment on the relationships between the different Ministers in the devolved Administrations, but the Cobra meeting that I chaired at lunchtime today included representatives from the Scottish Executive and the Welsh Assembly.

Mr. Philip Dunne (Ludlow) (Con): The Secretary of State said that the vaccination programme was applicable to zoos. Will he consider whether farms with rare breeds breeding stock could also be included in that programme? I have a number of such farms in my constituency. Should the dreadful disease spread, it would pose a considerable threat to the future of rare breeds in this country.

Hilary Benn: I gladly undertake to consider that—but there are good and sound reasons, which I have explained, why the policy is as it is. Zoos are an exception because of biosecurity and the containment arrangements that they can put in place. I am sure that the hon. Gentleman would want nothing to be done that might put the control of avian influenza at risk. However, I shall consider the issue that he has raised and come back to him.

Point of Order

4.43 pm

Mike Penning (Hemel Hempstead) (Con): On a point of order, Madam Deputy Speaker. I apologise for delaying the important debate that is to follow. On 30 April this year, I asked the then Solicitor-General two questions: first, about my concerns about the leniency of sentencing, and secondly, about how many times he had referred matters to the Court of Appeal on that subject. Sadly, according to the Library today—some seven months on—there is still no reply. May I seek your advice, Madam Deputy Speaker, on how I can get an answer to those simple questions?

Madam Deputy Speaker (Sylvia Heal): I advise the hon. Gentleman that retabling the question would be one method of eliciting a response.

Orders of the Day

Debate on the Address

[Fifth Day]

Order read for resuming adjourned debate on Question [6 November],

That an Humble Address be presented to Her Majesty, as follows:

Most Gracious Sovereign,

We, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom and Great Britain and Northern Ireland in Parliament assembled, beg leave to offer our humble thanks to Your Majesty for the Gracious Speech which Your Majesty has addressed to both Houses of Parliament.—*[Mr. Caborn.]*

Question again proposed.

Health and Education

Madam Deputy Speaker (Sylvia Heal): The Speaker has selected the amendment in the name of the Leader of the Opposition.

4.44 pm

Mr. Andrew Lansley (South Cambridgeshire) (Con): I beg to move, as an amendment to the Address, at the end of the Question to add:

'but regret the absence of measures in the Gracious Speech to empower professionals responsible for the delivery of health and education services and of measures which would make those services more accountable to patients and parents; deplore the absence of measures to improve public health and reduce health inequalities; regret the lack of a reformed legislative structure for the National Health Service which would reduce central targets and devolve decision-making closer to patients and enable health services to respond to the need for high quality and accessible care; further regret the lack of measures to deal with school discipline, raise standards in literacy, numeracy, science and languages, address under-performance in the primary sector, tackle disadvantage at its roots and provide effective support in the earliest years; and further regret the absence of measures which would deliver the real improvements needed in these and related public services.'.

Last Tuesday, I sat here and listened to the Prime Minister's speech, but I waited in vain for him to talk about health or the national health service. Back in July he described the national health service as his priority, but in November that turns out to have come to nothing: an empty vessel—from hero to zero. I suppose that we should not have been surprised, given that last year, as Chancellor of the Exchequer, he completely ignored in his Budget speech the financial crisis that was afflicting the national health service. At the same time, he said that education was his passion. So it may be, but the passion must be for high standards in education, not just for high spending. In last week's speech, he did not even commend doctors, nurses, social care workers or teachers—all those in our public services on whom we depend—so let me start by doing so.

Public services are vital to our well-being and to our quality of life. We value and support the NHS and its staff, teachers and support staff in schools and colleges, and social workers and care workers. We know that while we can make promises here, it is they who deliver. However, we cannot expect the delivery that we want when morale and motivation in public services is

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not high. Earlier this year, a hospital doctor carried out a substantial survey. Two thirds of the doctors who took part said that morale had fallen in the past year, while 54 per cent. said that morale in their hospital was poor or terrible. I am afraid that we need higher morale right across our public services. I therefore make no apology for repeating that one of our central intentions as a party must be to re-empower professionals working in public services so that they can deliver the service that they wish to deliver, whether to parents or to patients.

In the Gracious Speech, Her Majesty, on behalf of the Government, announced that there would be an education and skills Bill. There is something of a theme to this Gracious Speech. For all that the Prime Minister might like it to be thought that there is a change in this Government, in fact there is no change. When I listened to the speech, I thought, "Surely I've heard these intentions before"—and so I had. In July 1999 the Government published a document called "Bridging the Gap"—I am sure that the Secretary of State for Children, Schools and Families recalls it—in which Tony Blair said:

"staying at school or in training until 18 is no longer a luxury. It is becoming a necessity."

Indeed, but that was in 1999. The trouble, as with all these things, is how well the Government have delivered on their intentions.

Eight years on from the intentions expressed then, the number of those not in education, employment or training has risen from 160,000 to 220,000. Connexions, which we were promised in 1999 would be one of the solutions, has come and is about to go. The Learning and Skills Council has gone through an endless succession of reorganisations without ever delivering on its intentions. However, there has not been a recognition of the fact that, as stated in "Bridging the Gap", non-participation beyond 16 is strongly linked to the relative achievement of young people prior to 16. That is the central issue. That is why what the Government are saying feels like such a failure on their part. Extending the education leaving age is an insufficient response to earlier and continuing failings in educational achievement, particularly among those in low-income households.

Participation depends on motivation, the relevance of the education offered and the reward that young people expect from it. Young people have to think it worth while; there have to be results. If they fail to see results from a decade of schooling, why should they respond positively to more compulsory education and training? My hon. Friend the Member for Surrey Heath (Michael Gove) will explain this in more detail later, but we must tackle the roots of disadvantage, and ensure that young people in schools, including those from the poorest households, have a platform for their participation in learning through life, and see that they can secure their future position through the acquisition of standards, including basic standards in literacy and numeracy, in a disciplined environment.

Ms Dari Taylor (Stockton, South) (Lab): Is the hon. Gentleman disputing the facts that have been produced by Stockton borough council stating that in low-income areas, the improvement in English and maths has been between 30 and 47 per cent. during the past five years? That is an incredible improvement in primary schools, which should be celebrated. Is the hon. Gentleman really disputing that that is taking place?

Mr. Lansley: I am sure that my hon. Friend the Member for Surrey Heath will be able to elaborate on that later. All I do know is that the Government's acknowledged statistics show that they have not met their targets for key stage 2, and we have seen some of the standards in basic literacy and numeracy pretty much flatlining in recent years.

There was nothing in the Prime Minister's speech, or in the Gracious Speech, on the subject of public health. The Secretary of State for Health said that his priority was to tackle health inequalities, so where was that in the Gracious Speech? Where was it in the Prime Minister's speech? It was not there at all. Just as we want to tackle inequalities in educational outcomes, we have to tackle them in health outcomes, too, because they have been widening. The Secretary of State must know, because it was in Lord Darzi's framework for action in London—the right hon. Gentleman has of course subcontracted responsibility for policy in the Department of Health to Lord Darzi, so perhaps he does not bother to read his documents—that the spend per head on public health in primary care trusts in London is inversely related to the relative deprivation of those trusts. Frankly, that is a scandal.

The Government have been distributing ever larger amounts of money in the direction of primary care trusts that have statistics of relative deprivation, and yet what do we find in London? They spend less on tackling that problem. Why do they do that? It is not a wilful desire on their part to ignore their responsibilities. It is because, of course, in the national health service everything is focused, through the target culture, on the delivery of a small number of Government targets. Too little is focused on the necessity of understanding that we must prevent disease and improve health outcomes. That is one of the reasons why my party has made it clear during previous Queen's Speech debates, and in our own proposals, that we should have separate funding to tackle specific public health needs.

I urge the Government and the Secretary of State, if they are serious about tackling health inequalities, to amend the structure of public health care. In the health and social care Bill, they will do a little to reform public health legislation on the control of infectious diseases, but they could do so much more to ensure that we have a strong public health infrastructure that can use dedicated resources to back up local authorities in the NHS, which are tackling those issues through local area agreements. The Secretary of State came to the Dispatch Box only a couple of weeks ago and described obesity as akin to climate change. He probably does not seriously believe that—try telling it to people in sub-Saharan African or Bangladesh. It is, however, an important issue. His response seemed to be that there should be a national debate—but that debate did not even get as far as the Queen's Speech.

During the Gracious Speech we were promised a children and young persons Bill. Again, I am afraid that we have been here before. For a very long time, the

Government have not taken those responsibilities seriously. I was a member of the Select Committee on Health, with David Hinchliffe, in 1997-98, and we produced a report on the care of looked-after children. Why has it taken so many years to address this issue? We have waited 10 years to see legislation to avoid circumstances in which lots of young people are looked after at a considerable distance from where they live and where their friends and families may be. The gap between looked-after children's educational achievement and that of other children has widened. It is still true that 30 per cent. of looked-after children still do not have full access to immunisation programmes. The duties of local authorities to young people and the responsibility that we take on when children are looked after must be clear.

We Conservatives understand that none of that will be possible without not only clear duties but the staff to make to it happen. That is why my hon. Friends established our commission on social workers. Lady Butler-Sloss and Lord Laming were the patrons and brought together a team without party affiliation to make it clear how we can support social workers who work with children, value their profession and help them in the process of delivering better services.

Tom Levitt (High Peak) (Lab): Clearly, if there had been a plethora of NHS legislation, the hon. Gentleman would have criticised the Government for taking panic measures and for thinking that legislation was the answer to everything. In fact, many of the issues that he talked about are being addressed through means other than legislation, not least investment. Is he trying to suggest that there were halcyon days in the health service prior to 1997? Does he not recall that at that time a quarter of a million people had waited more than six months for their operations? Now, virtually no one waits that long. Does he expect people to believe that what he has to offer is any different from what the Tories offered before?

Mr. Lansley: I am not pretending that before 1997 the national health service did not have problems. Equally, however, if the hon. Gentleman thinks that the public think that reducing waiting times to the exclusion of their safety, through the clear increase in infection rates, is an advantage, he is absolutely wrong. In the same way—*[Interruption.]* Labour Members should do as we have done, and understand from experience what will make the best policy for the future. I see no evidence from those on the Government Front Bench that they are learning at all.

The hon. Member for High Peak (Tom Levitt) is still peddling the idea that the pursuit of waiting time targets has been an unalloyed good. It has not. During the course of questions, the Secretary of State has seemed to dispute that fact, but the report on Maidstone and Tunbridge Wells NHS Trust states:

> "Many staff told us about the consequences of targets, in particular the target that no patient should be in A&E for more than four hours. Some staff told us senior managers had given the A&E target much greater priority than the control of infection, including at the time of the outbreaks...One senior manager said that because of the other pressures and 'over-heating' in the trust, the A&E target was delivered at the price of chaos elsewhere in the system."

I emphasise the "price of chaos". We have had a report like that on Maidstone and Tunbridge Wells and another on Stoke Mandeville, and across the NHS people have made it clear that it was also targets—the waiting time target in particular—that led the NHS into the financial disaster that was 2004 to 2006.

Tom Levitt: Will the hon. Gentleman give way?

Mr. Lansley: No, I will not give way again. If, in the change that has occurred since 1997, the Government had understood better what they were setting out to do, they would have learned at an early stage that moving from central top-down targets to a culture of continuous improvement and performance measurement and management inside the national health service was the point. The Secretary of State gets up and says, "Sir Ian Kennedy is in favour of targets." Well, no one in their right mind does not have the idea that a service should have performance measurement and management, but the idea that it should be done through a single set of targets dictated from the centre in a one-size-fits-all fashion is completely absurd.

The Government are now moving to the point where they want to run the whole health service on the basis of the 18-week referral to treatment target. What they do not tell anybody is that the 18-week referral to treatment target actually applies to only 30 per cent. of hospital activity, let alone whether it has any impact on people living at home with chronic conditions or on primary care services.

The hon. Member for High Peak asked what we would have said if there had been a series of health service Acts. But there has been a series of health service Acts— I am afraid that this is a constant theme of this Queen's Speech. There was the Commission for Health Improvement, established in the 1999 legislation, which we were told would be the answer to the problem of standards in the national health service. Then the 2003 legislation abolished the Commission for Health Improvement and created the Commission for Healthcare Audit and Inspection, which we were told would solve all the difficulties with standards and problems such as infection control. Then we had the Health Act 2006, when the Government said, "Ah, well, the Healthcare Commission's trying to do this thing, but it must have the code of practice", but no, it turned out that that was not good enough, either.

I was here two years ago arguing that the code of practice needed to be strengthened, but that was not done; and then suddenly, in 2007, we are told, "Oh no, the Commission for Healthcare Audit and Inspection's now going to be abolished and a new care and quality commission created in its place." So in eight years we shall have gone through three inspectorates, all with exactly the same intentions.

Mr. John Gummer (Suffolk, Coastal) (Con): Before my hon. Friend allows the hon. Member for High Peak to get away with his comment, does he agree that before 1997 people in my constituency could at least get a national health service dentist? Those over the age of 80 were not sent back from the hospital several times in order to get the waiting list time started again, people could access a proper health service, because local hospitals such as the Bartlet hospital had not been

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closed, and, although I have some of the oldest constituents in the country, we did not receive one of the lowest payments per head. The Government have given a second-rate health service to areas such as mine that they do not think are worth supporting.

Mr. Lansley: Another thing that people did not find before 1997 was their local hospital's maternity services disappearing and being transferred 15 miles up the road, as has happened in Welwyn, which I visited on Saturday. People in Banbury, where I also visited, did not find their maternity services being transferred to the John Radcliffe hospital 10 years ago. Likewise with A and E services. Right across London, people might well wonder what kind of NHS they have when, after 10 years and three times the amount of money, they cannot visit their local hospital safely, because although it advertises that it has an A and E department, it does not have the necessary back-up to make it one.

Lord Darzi, who is on—*[Interruption.]* The Minister of State, the right hon. Member for Bristol, South (Dawn Primarolo), mentions Tomlinson from a sedentary position—I have a quotation from when she opposed the Tomlinson report—yet she and her colleagues propose a reconfiguration in London that seems to be based on the proposition that A and E departments will be available in local hospitals that have high dependency level 2 care, not intensive care. However, the Academy of Medical Royal Colleges has said in terms that for an A and E service to be provided, it is essential that it should be backed up by level 3 intensive care. And these Ministers have the temerity to come to the House and tell us that the reconfigurations are locally determined and based on clinical criteria. They are not; they are being dictated by the Government.

The latest evidence came out only last week, in the *Health Service Journal*, that the Government are proposing to try to fix the NHS tariff, so that they can force specialist services into centralised, larger hospitals by undermining the viability of specialists in district general hospitals.

The Minister of State, Department of Health (Dawn Primarolo) *indicated assent.*

Mr. Lansley: Frankly it is an outrage, and the right hon. Lady, having been a Minister for four months, could at least have visited the hospital concerned before she starts to lecture the House about what is going on, because she has not done so yet.

David Tredinnick (Bosworth) (Con): I am concerned that my hon. Friend might have forgotten the fact that people throughout the country are too frightened to go into hospital now because of the MRSA problems.

Mr. Lansley: I am grateful to my hon. Friend. I have not forgotten about that—far from it. Indeed, the Government's central argument for their promised health and social care Bill is that it will strengthen infection control, but the code of practice should have been stronger and it should have been enforced. Indeed, we were here legislating for that more than 18 months ago and arguing about what needed to be done even before that. The Secretary of State can talk about the importance of screening now, but we were arguing that screening before admission was necessary four years ago. The chief medical officer said, in "Winning Ways" in December 2003, that screening before admission was a necessary part of the process of infection control, but Ministers did not implement that proposal. They talk about accountability, but there is no accountability on the part of Ministers for their failure to deliver infection control.

Years ago, the National Audit Office demonstrated that there were insufficient isolation facilities in the NHS. Now, Ministers talk about isolation but cannot provide it. We have known for years that bed occupancy rates are too high. For nearly two years, the Department of Health has been in possession of a report quantifying the increases in MRSA as a result of bed occupancy rates rising to above 90 per cent., but what have Ministers done? They actually reduced the number of beds in the NHS by 6,000 in the last year for which figures were available, so that we are now way below the figure that obtained in 2000, when the NHS plan—which, according to Ministers, is the basis on which they are working—said that there was to be an increase of 2,100 in the number of general and acute beds.

The health and social care Bill will simply bring together the Healthcare Commission, the Commission for Social Care Inspection—CSCI—and the Mental Health Act Commission. In principle, that is fine. Indeed, Opposition colleagues argued for that arrangement way back in 2003 when those bodies were first established. In implementing it now, however, it is important that we do not lose sight of the role of CSCI in respect of social care, which must be protected. It is also important not to lose sight of the responsibility of the Mental Health Act Commission, which must be carried into the new body in order to follow up on the Mental Health Act 2007, which we passed earlier this year.

Where in the Government's legislative programme is the wider regulatory review that was always promised? Frankly, we have done the work over the past two years to determine what is needed to give the NHS a sustainable, long-term structure that will give professionals in the service greater autonomy while ensuring that that devolved power is subject to enhanced accountability. We have put those measures into a Bill, which we have published ourselves and which we will introduce in this Session. It sets out for the first time a constitution for the national health service which will incorporate the principles of the NHS, devolve responsibility through the NHS board closer to patients, make services increasingly accountable to patients through patient choice, empower providers to come into the system by creating an independent regulator in Monitor to work right across the health care sector, ensure genuine competition in health care matters, give the national institute its own statutory responsibilities for the first time, and for the first time create a national patient voice. A review undertaken by the Department of Health in late 2005 said that it was necessary to create that voice, but Ministers have signally failed to do so.

Let me make exactly the same offer to the Secretary of State now that I have already made to him privately. In the past, we supported the Government when they were doing the right thing on education and schools,

giving greater freedom, through legislation, to those running schools. If the Secretary of State will work with us now, we will use our legislation to give far greater freedom and accountability to patients through the national health service, but the Government will have to be prepared to get away from their ideological fixations and to get into thinking about how this can be achieved more effectively.

We hear the Government's promises time and again, but those promises seem to turn to nothing in their hands. We see one incompetent failure after another. We have just been listening to a further failure of the Home Office. Unfortunately, we know from the capability reviews that the Department of Health is second only to the Home Office in that regard, thanks to its failings in supporting the national health service. We need that incompetence to end, but I am afraid that that will happen only when we have an election.

Let us look at what we have ahead of us. The Government's handling of the training scheme for junior doctors was described by the Royal College of Physicians as the worst event to impact on the medical profession for decades. We are not out of the woods. *[Interruption.]* Ministers think that it is funny, but they are responsible, and it has left a demoralised generation of junior doctors, thousands of whom cannot pursue their training.

Thousands of junior doctors are thinking about next year, and when the Secretary of State speaks, he can tell us what he is going to do. The consequence of thousands of junior doctors not having run-through training posts, in addition to those coming out of the foundation programme, and of the Department of Health losing its court case last week, which means that it will not be able to discriminate against those on the highly skilled migrant programme who are already here, is that the Department believes that there will be a 3:1 competition ratio for applications for training posts in the coming year. By any measure, the impact on junior doctors looking for training posts in the coming year will be worse than it was in the year just gone. What is the Secretary of State going to do about that?

The disasters in the DOH have led to a loss of confidence. Government Members like to talk about how much has been spent in the national health service over the past year, but consider the DOH's evidence to the doctors and dentists pay review body, which states the real-terms increase in 2006-07 in NHS expenditure: on revenue, the increase was 2.8 per cent. in real terms, which is lower than the long-run average and lower than the average under the last Conservative Government. That is simply a consequence of gross financial mismanagement in the preceding two years, which led directly to the reduction in provision in the national health service last year. When the Prime Minister gets up and says, "Look what a big increase there has been this year in comparison with last," it is in part because last year's expenditure was artificially depressed by the impact of previous deficits.

The Government have wasted money time and again, and we cannot be sure that they have finished. The capital building programme went £4 billion over cost; the Paddington health basin scheme was abandoned after £15 million had been spent; and necessary changes to St. Mary's Paddington simply did not happen. The NHS IT scheme is more than two years off, but the Minister came to the House and told us that that was fine because we do not have to pay most of the bills. If I were a director of a public company and said to the board of directors, "The IT and computerisation scheme that is integral to the improvement of services in our company is not going to be delivered, but that is okay because we are not going to pay the bills just yet," I would be shot or sacked. The NHS was promised the delivery of benefits, be it electronic patient records or the electronic transfer of prescriptions, but once again there has been a failure.

I love the Department's evidence this month to the doctors and dentists pay review body, which includes this epic understatement:

> "We intended GPs to have benefited from the new contract but we expected more in return".

The Department did not get it, and that is true of GP contracts and its management across the NHS. This Government's epitaph will be: "We intended to get more from our taxes, and we expected to get more in return." They did not get it. *[Laughter.]* I was never a copywriter; I do policy and management, and it would be better if more Ministers did, too.

The Government say that they want to respond to rising aspirations. Ten years ago, they raised expectations, but they did not deliver, which is also true today. They have tested to destruction the idea that the Government can spend and legislate their way out of trouble. What is needed is a vision of patients who are empowered to demand high standards through choice and competition to secure the service that they have the right to expect. We need empowered professionals in public services who can provide the education, health care and other care that is their professional purpose and passion—if there is passion in all this, then it involves the people who work in our public services and what they want to be able to achieve. We want empowered families and communities who take control of their local services and take responsibility for bringing up young people, including young people's education and health.

The Conservative party has indeed set out such a vision—not least at our party conference—and we have presented the policies to back it up. We have even done the necessary work to put the framework in place. What we want is more autonomy for professionals delivering our public services; professionals more responsive to the people they serve and more accountable for the outcomes they achieve; and services more focused on high standards. We will meet the aspirations of the electorate after the next election. I commend the amendment to the House.

5.15 pm

The Secretary of State for Children, Schools and Families (Ed Balls): Last week's Queen's Speech set out our programme to respond to the rising aspirations of the British people and to build a Britain in which everyone can rise as fast as their talents and hard work will take them. In the areas of health and education—the twin subjects of today's debate—we will legislate to make the NHS more focused around the needs of individual patients, as we back British science. We will help all children—including the most vulnerable in our society—to get the best possible start in life and we will extend educational opportunity to all young people in

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order to ensure that they get the qualifications and skills that they need to succeed. My right hon. Friend the Secretary of State for Health will now legislate to bring the regulation of assisted reproduction and embryo research up to date and he will ensure the safety and quality of health services by introducing a new integrated regulator, the care quality commission, with new enforcement powers. A health pregnancy grant will also be introduced for every expectant mother.

As my right hon. Friend the Secretary of State has said, we have made real progress since 1997 through unprecedented NHS investment and reform. We have had 1 million more operations each year, built 100 new hospitals and reduced mortality rates, particularly for cancer and heart disease. But we still face new challenges—to take advantage of new technologies, to tackle rising obesity, particularly among children and young people, and to meet the rightly rising expectations of patients about what a 21st century health service should provide.

Mr. Graham Stuart (Beverley and Holderness) (Con): Does the Secretary of State accept that there is a sexual health epidemic in this country at the moment?

Ed Balls: I do not accept that there is such an epidemic, but it is important to do all we can to ensure that young people get the advice and support they need both in schools and outside them. My right hon. Friend the Health Secretary will respond to that later, as I am sure he will to those issues raised by the hon. Member for South Cambridgeshire (Mr. Lansley) that he understood.

Mr. David Laws (Yeovil) (LD): May I take the Secretary of State back to his home turf and ask him what deficiencies in the academies programme caused him to ask the Downing street Policy Unit to review this whole area?

Ed Balls: I am happy to answer that question. There are no deficiencies in the academies programme that led to any review. As the hon. Gentleman will know, the Prime Minister's delivery unit conducts regular reviews across all Government programmes. In my September meeting with that unit, I asked it to look at the academies programme to ensure that it was delivering our objectives. It has delivered a faster rise in standards in academies where the catchment areas and pupil intakes have more free school meal pupils than the average school. Because of the scale of the resources that we are spending on this programme, it is right to ensure that we deliver value for money. That is what the review will do. I made it clear yesterday, as I did in my July statement, that we are taking forward, indeed accelerating, the academies programme. That is what we will do; I make no apology at all for looking into it in detail.

Mr. Laws: Is the Secretary of State really telling us that he asked the Downing street Policy Unit to look into the programme without having any concerns at all about it and without believing that it has any deficiencies? If he expects us to believe that, it would seem to be a quite extraordinary waste of time.

Ed Balls: The hon. Gentleman is quite wrong because I have not asked the Prime Minister's Policy Unit to look into it at all—

Mr. Laws: The delivery unit.

Ed Balls: The delivery unit looks across all Government spending, Department by Department. I have a six-monthly meeting with the delivery unit and I asked it to look into all aspects of my programmes. If it can make proposals to help us strengthen the academies programme even further, that is all well and good. In July, I announced reforms, including the abolition of the £2 million entry fee to get more universities into the academies programme. We are taking forward and accelerating that programme, as I said yesterday in topical questions. The continual charge that we are slowing down or trying to undermine the academies programme is quite wrong—I said that yesterday and say it again today.

Last Friday, my right hon. Friend the Secretary of State for Innovation, Universities and Skills published the Sale of Students Loans Bill. This week, my right hon. Friend the Minister for Children, Young People and Families will publish the children and young persons Bill to improve the life chances and provide greater stability, more support and a bigger voice for all children in care. In this debate, I want to set out more details of our education and skills Bill, which I will introduce with my right hon. Friend the Secretary of State for Innovation, Universities and Skills. That Bill will deliver world-class skills for all and raise the education leaving age to 17 by 2013 and to 18 by 2015.

Let me pay tribute to my right hon. Friend the Secretary of State for Health for his work and leadership on this issue in his previous job. He published the Green Paper on children in care and highlighted the fact that while the achievement of children in care has risen in the past 10 years, they are still five times less likely to get five or more good GCSEs than the average, and are nine times more likely to be excluded from school. That was not all that I inherited from him: he also published a Green Paper on raising the education leaving age. He set out how, despite rising participation rates, UK staying-on rates at 16 still lag behind those of international competitors, and how a young person's background is still a key factor in whether they progress into post-16 education and training.

That is why the Queen's Speech introduces the biggest reform in educational participation for more than 50 years. Let me tell the hon. Member for South Cambridgeshire that it was not introduced first in 1999; in fact, the first proposal in the House to raise the education participation age to 18 was in the Fisher Act of 1918. That Act introduced compulsory education to 14, but it also contained a provision to raise the education leaving age to 18, which was dropped in the years after the first world war because of the Geddes axe.

What was visionary 90 years ago, however, is essential today, both economically and morally. As the Leitch report demonstrated, the demand for higher-level skills is increasing, and the supply of jobs for lower-skilled workers is decreasing. Other countries are making fast progress in developing their own skilled work force, and we need to do more to avoid lagging behind.

Mr. Andrew Robathan (Blaby) (Con): Can I take the Secretary of State back not to 1918 but to 1997, when the Labour party pledged that fair funding would mean equal funding per pupil, regardless of local education

authority? Perhaps it might be better to live up to that pledge, rather than moving forward to his great vision. Currently, Leicestershire languishes at the bottom of the education funding league. Apparently, across the Braunstone lane, my constituency boundary, a child will get £600 more in 2010 than a child in Leicestershire. How can that be fair, especially given that pledge that I suspect he was involved in, in view of the job he was doing in 1997?

Ed Balls: If the hon. Gentleman looks at the detail of the figures that we published yesterday, he will see that Leicestershire is 34th out of 149 local authorities over the next three years. It is in the top quarter of all local authorities—

Mr. Robathan: Leicestershire.

Ed Balls: Leicestershire, over the next three years, will have a 13.4 per cent. increase in spending, which makes it 34th out of 149. Rather than having a go at me for my pronunciation, the hon. Gentleman should congratulate me on delivering for Leicestershire in education funding. If he is still confused, I will explain it to him later.

Those who leave school early without good skills and qualifications are less likely to get a good job or gain further qualifications. Because those young people who leave education and training come disproportionately from poor families, raising the education participation age is also about social justice.

Mr. Gordon Marsden (Blackpool, South) (Lab): My right hon. Friend is stating clearly one of the central points of the Government's case, which is that we need more skills and more vocational qualifications in the work force. Does he agree that, at a time when that ambition is being lauded across the sector, it is extraordinary that Opposition spokesmen should appear to be doing their utmost to undermine the focus on vocational skills by what they are saying?

Ed Balls: I would not be so pessimistic. I was disappointed to discover that Opposition Members oppose the reforms in the Queen's Speech on raising the education-leaving age to 18 and the proposals for diplomas, but it is not too late. Later in my speech, I will urge them to change their minds and consider backing those reforms.

In Britain today we need all young people to be in education or training until 18. That is why our Bill will establish new rights for young people to take up opportunities for education and training, and the support they need to take up those opportunities. It will also establish new responsibilities for young people, and a new partnership between schools and colleges, and between local government and employers, so that every young person will be in education or training until 18 from 2015. It is my aim to build a consensus in the country in the next few years on that proposal, even if we cannot manage that in this House.

There are also serious and proper concerns about the legislation. There will be extensive opportunity for debate over the coming months as the Bill moves through each stage, but I wish to address three of those concerns now. First, let me make it clear from the very beginning that this is not a Bill to force young people to stay on at school or college full time until they are 18. I have heard many people refer to our plans as raising the school-leaving age, but we are not raising the school-leaving age; we are raising the education and training-leaving age.

Not all young people will want to continue in school or college, so our proposal is for young people to continue their education and training in the way that makes best sense for them. That could mean full-time education at school or college; work-based learning, through an apprenticeship; or one day a week in part-time education or training, if they are employed, self-employed or volunteering for more than 20 hours. That means that we will expand the number of apprenticeships in the next few years. We have already doubled the number since 1997, and we will increase that number further by 90,000, to 240,000 a year by 2013.

My right hon. Friend the Secretary of State for Innovation, Universities and Skills and I have agreed that we will legislate in the Bill to ensure that there is the proper statutory basis for apprenticeships for 16 to 19-year-olds. That will set the framework for an entitlement by 2013 to an apprenticeship place for every young person who wants to continue their learning on a work-based route and meets the entry requirements.

With our Bill, all individuals will have a legal right to train to their first level 2 qualification. Up to the age of 25, young people will have the same legal right to train for their first level 3 qualification. But because my right hon. Friend and I recognise that it is not only young people who need to achieve their full potential, and because 70 per cent. of those who will make up the 2020 work force will be beyond the age of compulsory education, our Bill will also ensure that all adults have the right to access proper free provision for basic literacy, numeracy and first full level 2 courses. That will enable all low-skilled and unemployed adults to improve their skills and secure sustainable employment.

Mr. Graham Stuart: Will the Secretary of State give way?

Ed Balls: I have given way once already to the hon. Gentleman.

Young people who want to combine continued education with work will therefore be able to do so. But no young person should be left out on the basis that it is just not for them, or that it is too hard—

Mr. Stuart: Will the Secretary of State give way?

Ed Balls: Oh, go on then.

Mr. Stuart: I just wish to clarify the point that the Secretary of State made about compulsory education and training to 18. What is the minimum number of hours of education or training that an 18-year-old would be expected to receive?

Ed Balls: If a young person is in full-time education or college, it is normally 16 hours a week. If a young person is working more than 20 hours—at a job, self-employed or volunteering—over the course of the

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year they will have to do the equivalent of one day a week, although that would not have to be one day every week. The hon. Gentleman can work out what that would mean and we can discuss the detail when we consider the Bill.

Mr. David Chaytor (Bury, North) (Lab): Before we leave the question of 14 to 19-year-olds and the welcome increase in the participation rate, will my right hon. Friend tell us whether he has given any thought to the transport implications of this greatly increased number of young people moving from school to college and to the workplace? Does he think that there is a powerful argument for reviewing the concessionary fare arrangements for young people, and has he discussed that with our right hon. Friend the Secretary of State for Transport? If not, will he do so?

Ed Balls: The Minister for Schools and Learners, who is travelling to Canada, texted me at 5 am Canadian time to make sure that I raised this very point. Members will understand that he is an MP for a Dorset constituency and that travelling issues in rural areas are very close to his heart. That is why he and I have discussed the issue with our transport colleagues to see what can be done. These are early days in the process, but the issue is certainly on our radar.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): What my right hon. Friend said to dispel the myth that we will keep children in school until they are 18 is very welcome and he knows that I had a private Member's Bill along similar lines to the Government's proposals. I think it was Leitch who said that we were aiming for 500,000 apprenticeships, but will my right hon. Friend nail down whether apprenticeships will always be linked to a qualification?

Ed Balls: It is important that apprenticeships lead to a qualification. I was talking about apprenticeships for 16 to 18 year-olds in England by 2013. Clearly, we can attempt to go further than that as we go up the age range over more years and for the whole UK. It is our determination to match the Leitch ambitions, but there is clearly a lot of work to be done over the next few years.

Although we want to make sure that young people can combine education and training with work, it is also our view that no young person should be left out on the basis that education and training are not for them or that it is too hard to meet their needs. That is why the Bill is about both rights and responsibilities. Under our proposals, young people will receive advice and guidance. They will achieve enhanced educational support in the form of education maintenance allowances and they will have a wide range of opportunities to take up opportunities in school, college, apprenticeship work with training or on a place on a pre-apprenticeship course or an entry-to-employment programme.

If young people fail to take up these opportunities, however, there will from 2013 be a system of enforcement. It will be very much a last resort and, as now for young people aged under 16, it will be at the discretion of the local authority, but it is necessary. I make no apologies for saying again that it is necessary to strike the right balance between new rights and new responsibilities. Some will need extra help, but that does not mean that they should be exempt. We will apply the same approach for 17 and 18-year-old mums as we do for school-age mothers now. Of course, they are allowed time off from learning before and after giving birth; of course, local authorities exercise care and discretion in relation to enforcement; and, of course, teenage mothers will need the extra support for child care that we currently provide through programmes such as Care to Learn. However, they should not be excluded from the opportunities and nor should people with special educational needs or people in custody. They will also receive education and training up to the age of 18. When we say that everyone will participate, that is what we mean.

John Bercow (Buckingham) (Con): What the right hon. Gentleman says about opportunities for people in custody is of the greatest importance. Given that something like more than 60 per cent. of the 12,000 people in our young offenders institutions suffer from speech, language and communication problems that prevent them from accessing education and training courses, will he agree that it is absolutely essential if his Department is in the lead to take steps to ensure that those people's problems are identified, that they are referred to provision and that that provision is provided sooner rather than later if they are to have any chance of striking out on a constructive path in the rest of their lives?

Ed Balls: I commend the hon. Gentleman for his work on this subject. In fact, I am pleased that he is carrying out a review and reporting to both me and my right hon. Friend the Secretary of State for Health on these very issues. The hon. Gentleman has always shown a willingness to expand the terms of reference of that review and is clearly trying to do so again today. I am sure that we will be accommodating.

Tomorrow I will speak about youth justice issues at the Youth Justice Board's annual conference. In particular, I will talk about what more we need to do to improve the standard of education and training for young people in custody. I am happy to say to the hon. Gentleman that I will refer to the particular needs of those young people.

Mr. Frank Field (Birkenhead) (Lab): Does the Secretary of State accept that no fair-minded person can possibly disagree with the objectives and vision that he is outlining? However, will he accept from someone who has represented an area for 25 years that over that time we have had real problems when trying to engage a number of young people—some as young as 12—in secondary education? We need to rethink what we might be able to offer them in a way that might not yet be contained in the Bill.

Ed Balls: I agree that we need to think hard. However, I do not think that those young people should settle for second best, or be excluded from opportunities. If I were proposing to implement the new obligation from tomorrow, I would share my right hon. Friend's concerns. However, we are talking about legislating for a group of young people who are nine

and 10-year-olds today and will be 16 and 17 when the Bill comes into effect. We should be working between now and then to ensure that we offer a better set of options for those young people so that they are not permanently excluded from education, employment or training. That is our ambition and we have six years to deliver it. If we work together, we can ensure that we end the problem.

Of course, in the mid-1980s, the level of young people not in education, employment or training was much higher—youth unemployment was at a record high. It has come down since then, but not by enough. Some 25,000 young people in our society are long-term NEET. We should reduce that number to zero over the next six years, and I hope that the Bill will provide us, as a society, with the compulsion to achieve that. I only wish that I had the support of Opposition Members.

Ms Dari Taylor: The Bill is warmly welcomed on the Tees. We have serious problems attracting sufficient skilled individuals to the chemical process industry. There is a problem that many youngsters see the chemical process and engineering industries as dirty and unglamorous, so we really have a job to do—the employers are prepared to do that with the Government. Will my right hon. Friend engage with employers to ensure that young people are shown the seriously exciting opportunities that both those industries offer them?

Ed Balls: My hon. Friend is absolutely right. We have six years between now and 2013 to make the progress required so that the legislation works. That involves raising our sights and building a culture of enterprise and learning for all, not just some. It means putting in place plans for the curriculum and new qualifications that will not only engage all 16 to 18-year-olds in learning, but get them ready for work. That could be achieved through our apprenticeship programme, but it will also be delivered through our new diplomas, which, I am pleased to say, are winning support from leading universities and employers alike. The diplomas will offer a combination of academic and practical skills that will be fit for purpose for young people, whether they want to go into work at 16 with training or an apprenticeship, go into work at 18, or go to university. With my hon. Friend's support and that of local employers, I hope that we will be able to achieve that between now and 2013 so that we have a programme that will be really exciting for all young people when the obligation comes in.

Rob Marris (Wolverhampton, South-West) (Lab): I welcome the legislation regarding staying on until 18, but the Government have addressed only partially the problem of the gap in education funding for 16 to 18-year-olds. There is much less per capita funding for those in further education colleges than for those in sixth forms in schools. There is an even bigger funding gap for 16 to 18-year-olds in the secure estate who are trying to get an education, a large proportion of whom are illiterate, as well as having speech and language difficulties, as the hon. Member for Buckingham (John Bercow) said. What assurance can my right hon. Friend give me that those gaps will be closed and that education funding for 16 to 18-year olds in the secure estate and FE colleges will be increased to the per capita level for 16 to 18-year olds in schools?

Ed Balls: As my hon. Friend knows, we are integrating for 14 to 19-year-olds. We are involving employers in our diploma programme and in education and training in schools and colleges. We have brought the funding of 16-to-19 education into my Department and local authorities precisely to allow that integration to work more effectively. My right hon. Friend the Secretary of State for Innovation, Universities and Skills and I are working on that; we shall set out our proposals in due course. I cannot promise to close that gap quickly, but I can say that it is our long-term ambition to do so. The provision of fair funding is an important part of the preparations for 2013.

Mr. Ian Taylor (Esher and Walton) (Con) *rose—*

Ed Balls: I shall take one more intervention.

Mr. Taylor: The Secretary of State is being very generous in taking interventions. May I urge him to go further than the measures on social inclusion and wider participation, which I support? One of the big challenges in the next few years will be to increase the number of young people who are prepared to learn the individual science subjects and mathematics. Some 40 per cent. of our manufacturing industry depends on physics, yet maths, physics and chemistry are declining in our schools. What will the new Bill do to meet that challenge?

Ed Balls: Had the hon. Gentleman been present at Education questions yesterday, he would have heard my hon. Friend the Minister for Schools and Learners lauding the fact that we have had such a large increase in the number of physics teachers seeking qualification. *[Interruption.]* Or praising it; it depends which word one wants to use. I hope that our science diploma will help us to provide the integration of single subjects up to the age of 18, which the hon. Gentleman wants.

Sandra Gidley (Romsey) (LD): Will the Secretary of State give way?

Ed Balls: No. I said that I would not take any more interventions.

Through the reforms in the Bill and our work on the curriculum, NEETs, advice and guidance, education maintenance allowances and apprenticeships to drive a culture of greater learning, I believe that we can achieve our objective of having every young person in education or training by 2013. I am pleased to tell the House that we are winning widespread support for our plans—*[Laughter.]* But not from the Tories. In response to this summer's Green Paper, the Confederation of British Industry said that

"the government's proposal for raising the age for compulsory participation in education or training to 18 is a necessary step".

Last week, the British Chambers of Commerce said:

"Combining new specialised Diplomas and an expansion in the number of apprenticeships with a rise in the compulsory participation age to 18 is a move that we welcome."

We will work closely with business in the coming months to ensure we get the detailed implementation right.

[Ed Balls]

However, rather than support our plans to get every young person into education or training until the age of 18 and to extend educational opportunity for all, the hon. Member for Surrey Heath (Michael Gove) has announced that he will oppose our plans—indeed, he dismissed them as "a stunt". He has also said that he will not support our plans for new diplomas for 14 to 19-year-olds.

I had hoped that the hon. Gentleman might be in favour of our reforms to end the old damaging divide between academic and vocational qualifications and to offer alongside A-levels—I have postponed the planned 2008 A-level review until 2013—new diploma qualifications, which I believe could emerge as the qualification of choice for all young people. However, when I announced the next stage of our new diploma qualifications a few weeks ago—three new diplomas in science, humanities and modern languages, developed with the support of the CBI and many leading employers such as Cisco Systems, Toyota and Microsoft and of leading universities such as Cambridge, Leeds and Exeter—the hon. Gentleman opposed the new diplomas. He said:

"Diplomas were supposed to be about improving vocational education not undermining academic excellence."

He went further and called the three new diplomas "mush" and "fantasy qualifications".

Why is the hon. Gentleman against reform? Why is he on the wrong side of this debate? After all, there was a time, not so long ago, when we thought we might have won the Opposition's support—a time when his party might have claimed to back these historic reforms, when it looked like they were arguing for opening up opportunity and not for closing it down. Just two years ago, the Conservatives claimed that they were backing these qualifications—in fact, they urged us to go further and implement what they called the central recommendation of Tomlinson. I do not know whether the hon. Member for Surrey Heath recalls that. He might want to check with the hon. Member for Tatton (Mr. Osborne). I have a transcript from BBC Radio 4. Just two years ago, the shadow Chancellor said that

"an over-arching diploma which brings together academic and vocational training into one single diploma which we support, the Conservative Party supports, and I think would help end this historic gap and this deeply damaging gap between academic qualifications and vocational training."

In two years, there has been quite a U-turn. Two years ago, the hon. Member for Tatton said that his party backed reform, and a new general diploma—the very reform that we have announced we will deliver. Two years on, the hon. Member for Surrey Heath opposes that reform, and boasts that he will continue with a clear divide between academic and vocational qualifications. That two-tier approach to education has held Britain back for decades. Why does he now oppose the reforms that, two years ago, the shadow Chancellor not only advocated but criticised us for not implementing? *[Interruption.]* My guess is that he learned—

Madam Deputy Speaker: Order. There are far too many private conversations going on in the Chamber.

Ed Balls: Opposition Members do not want to hear what the shadow Chancellor said two years ago. They do not want to hear the details of the U-turn. They do not want to hear what it was like when the Conservative party appeared to be advocating education for all, and not just a few. Why has the hon. Member for Surrey Heath changed course? My guess is that he learned the right lesson of what happened to his predecessor, the hon. Member for Havant (Mr. Willetts), who came out against grammar schools and in favour of opportunity for all, not just for some, with the seeming support of the Tory party leadership—a bold move for his party. At the time, it seemed to signal the possibility of consensus on education for all. He is not here to tell us about that; he has decided not to come. Forty-eight hours later, the Leader of the Opposition changed his mind, and the hon. Member for Havant was outflanked from the right and sacked in 48 days. I can see why the hon. Member for Surrey Heath is determined not to be similarly undermined, but he has revealed the truth about the supposedly new Conservative party. The fact is that the Conservatives are reverting to type under the hon. Gentleman's leadership—

Michael Gove (Surrey Heath) (Con): My leadership?

Ed Balls: On education. It is the Conservatives' deeply held belief, which the hon. Gentleman now tells us he shares, that excellence can only be for the few, and not for the many. *[Interruption.]* That is why the Opposition oppose our education reforms. They oppose our plans—

Madam Deputy Speaker: Order. Is the hon. Member for Surrey Heath seeking to intervene?

Michael Gove: I am fascinated by the Secretary of State's tour d'horizon. He has attributed to me—on, I think, three occasions—the phrase "excellence for the few." When did I use that phrase, and if he cannot provide evidence of my using it, will he withdraw it?

Ed Balls: Of course I will not, but I will read the hon. Gentleman what he said:

"Diplomas were supposed to be about improving vocational education not undermining academic excellence.

We support the reform of vocational learning but these new exams are designed to subvert GCSEs and A levels."

He said that we have to keep A-levels, and make diplomas only vocational, if we are to have excellence, and that is not true.

Michael Gove: The Secretary of State made a serious accusation, saying that I believe in excellence for a few. *[Interruption.]* He has not backed it up. The Secretary of State knows that we believe that A-levels— *[Interruption.]*

Madam Deputy Speaker: Order. I need to hear this intervention.

Michael Gove: Thank you, Madam Deputy Speaker. The Government clearly are not interested in excellence for everyone. We Opposition Members believe that A-levels and GCSEs—academic excellence—should be spread as widely as possible. That was the view of the Prime Minister, Tony Blair, whom you spent all your

time trying to subvert—*[Interruption.]* Whom the Secretary of State spent all his time trying to subvert. If the Secretary of State cannot justify his allegation, I am afraid that he will have to withdraw it, or once again his credibility will be undermined.

Ed Balls: It is not for the hon. Gentleman to make that decision. He made allegations to me—*[Interruption.]*

Madam Deputy Speaker: Order. I wish to hear the response to the intervention.

Ed Balls: The hon. Gentleman made allegations about what I supposedly did, or did not, do. He regularly appears on "Newsnight" to review fiction, but he has no facts to back his assertion. The fact is, two years ago, the hon. Member for Tatton said that the Conservatives would support an overarching diploma to end "the damaging gap" between academic and vocational qualifications. Two years on, the hon. Member for Surrey Heath opposes our three new diplomas, because he says that they would be "fantasy qualifications" that would undermine excellence. I reject that entirely. We can have excellence for all, not just a few, through a comprehensive suite of diplomas. The idea that diplomas should be only for some—only for vocational learning—is not true. That is why—and I stand by this—we stand for excellence for all. We reject—

Michael Gove *rose—*

Ed Balls: No, I will not give way. *[Interruption.]* Well, I am happy to do so, but if the hon. Gentleman is going make the same accusation, I will make the same reply. In opposing diplomas, in coming out against our three new diplomas, and in saying that the very fact of introducing them would undermine excellence, he made it clear that in his view a comprehensive system of diplomas delivering excellence for all is not consistent with the excellence he supports. That is why he advocated a two-tier system. I can provide more details. *[Interruption.]* No, the fact is that we want more than 50 per cent. of young people to go to university, but the Conservatives oppose that, because they do not believe that excellence can be for all—they think that it is only for the few. They oppose our diplomas—a U-turn on what the hon. Member for Tatton said—because they do not believe that excellence is for all. We propose the biggest educational reform in 50 years, to provide excellent education or training for every young person until 18, but the Conservatives oppose it, because they do not believe that excellence in education and training until 18 can be delivered. They oppose our legislation.

Mr. Graham Stuart: On a point of order, Madam Deputy Speaker. The Secretary of State made an allegation, which he has not substantiated. He said that he would give way, but he has not done so. Is there anything that you can do, Madam Deputy Speaker, to ask him either to substantiate the allegation or to withdraw it?

Madam Deputy Speaker: The hon. Member for Surrey Heath (Michael Gove) took issue with what the Secretary of State said. I suggest to the right hon. Gentleman that he might wish to reconsider his words.

Ed Balls: It is very clear, Madam Deputy Speaker: the Conservatives stand for two tiers of educational opportunity. Education for all until 18 with the Government; education for some with the Opposition. We support a comprehensive system of diplomas, which was rejected by the Opposition, who would make vocational education available only to some people. I stand by what I said: we stand for educational excellence for all. They advocate two-tier education and excellence only for some. That is the dividing line on education. They may not like the fact that it is there, but it is. *[Interruption.]*

Madam Deputy Speaker: Order. I have listened—or at least, attempted to listen, given the numerous conversations on both Front Benches—very carefully to what has been said. It is clear that this is a question for debate. I hope that the opportunity will arise for Members to put their point of view on the record later.

Ed Balls: The hon. Member for Surrey Heath is upset, because I read out a very clear statement by the shadow Chancellor two years ago that the Conservatives would support excellence for all through an

"over-arching diploma which brings together academic and vocational training into one single diploma...and...end this deeply damaging gap between academic qualifications and vocational training."

I am now implementing that proposal, but the hon. Member for Surrey Heath rejects it. I stand by what I said. He will perpetuate the damaging gap between academic and vocational training, and he will perpetuate a two-tier system of education. Excellence for some, not excellence for all—that is the dividing line.

Michael Gove *rose—*

Ed Balls: I am happy to give way to the hon. Gentleman as many times as he wants.

Michael Gove: May I give the Secretary of State some advice? When in a hole, stop digging. He asserted that we believe in education for a few, but nowhere could he substantiate that assertion. He used a phrase that he could not substantiate but, worse than that, he said that we did not believe in increasing the number of people going to university. We argued at our party conference that we should increase it beyond 50 per cent. to match other high-performing countries, so there were two misrepresentations in the course of one speech. There is a legitimate debate to be had about how we achieve those goals—compulsion or incentives—and I am happy to join it. I am deeply disappointed, however, that the Secretary of State has chosen to go in for misrepresentation and distortion, which reflects badly on his office and on the strength of his case.

Madam Deputy Speaker: Order. May I suggest that we consider the use of temperate language on all sides, and that we continue with this debate in the manner to which we are accustomed in the House?

Ed Balls: I am happy to have a discussion with the hon. Gentleman about false allegations. This morning, he claimed on the news wires that I was slowing down

[Ed Balls]

the academies programme when, in fact, I have accelerated it. He claimed that I am going backwards on reform when, in fact, I am going faster on reform with academies. He said that I wanted to exclude them from education policy, but I want to bring them into the mainstream. He made those allegations. I did not seek to give him advice; I just sought to have a debate with him. He is upset, because he did not like to be told that, two years ago, his party stood for educational opportunity for all, and he does not support that.

It is very simple: he can refute that allegation, and support excellence for all. I never said that he was not in favour of excellence; I said that he was in favour of excellence for a few, and the evidence is, first, his opposition to our three new diplomas, which he says will undermine academic excellence, and, secondly, his opposition to our Bill to raise the education leaving age to 18. It is very easy: if he wants to set the record straight and show that he is in favour of excellence for all, and not just a few, it is not too late. He can change his mind and show that the Conservatives are not stuck in the past. He can show that he does not stand for the few and not the many, and that he stands for educational opportunity for all. My advice to him is: be a moderniser, and back our reforms. That is what he ought to do. I hope that, as he chose not to open the debate, and as he has a bit more time to think—

Mr. Lansley: On a point of order, Madam Deputy Speaker. May I ask through the Chair that the Secretary of State withdraw the assertion that my hon. Friend the Member for Surrey Heath (Michael Gove) chose not to open the debate. The Opposition's intention was always that I should open the debate with the Secretary of State for Health, until we were notified yesterday of a change in plan. There was no change on our part at all.

Madam Deputy Speaker: I am not in a position to confirm or deny that, but the hon. Gentleman has made his point, and everyone has heard it.

Ed Balls: I have never attended a debate where the Opposition have tried so many parliamentary techniques to try to avoid the big issue. We stand for educational opportunity for all, but they stand for opportunity for a few. We propose new diplomas; they oppose them. We propose legislation to raise the education leaving age to 18 for all young people, but they oppose that as well. The fact is—*[Interruption.]*

Madam Deputy Speaker: Order. Once again, I must bring the House to order.

Ed Balls: It is for the Opposition to decide whether they want separate debates on health and on education, and they have chosen not to do so. Last year, the debate was opened by a health spokesman, so when I conferred with my right hon. Friend the Secretary of State for Health, we assumed that this year the opening speeches would be on education. We discussed that last Wednesday, and we found out only yesterday that the Conservatives were not continuing with an opening speech on education.

Mr. Patrick McLoughlin (West Derbyshire) (Con): On a point of order, Madam Deputy Speaker. The Secretary of State is in grave danger of misleading the people. He alleged that somehow—*[Interruption.]*

Madam Deputy Speaker: Order. A point of order is being made, and I want to hear what the right hon. Gentleman is saying.

Mr. McLoughlin: I can assure you, Madam Deputy Speaker, that the Speaker's Office and the Government were informed that we would open today's debate with a speech on health and close with one on education. For the Secretary of State to say anything else shows that he is not in contact with the people who make those decisions, and is unaware of what is going on in government.

Ed Balls *rose—*

Madam Deputy Speaker: Order. I appreciate what the right hon. Member for West Derbyshire (Mr. McLoughlin) said. It is now on the record. May we move on and proceed with the debate?

Ed Balls: I conferred with my right hon. Friend the Secretary of State for Health and on the basis of his knowledge of precedent both as Secretary of State for Health and as a former Secretary of State for Education and Skills, we proceeded as we thought best. I am happy to open or close debates in the House. Whether I had made the opening or the closing speech would have made no difference—

Madam Deputy Speaker: Order. I have asked that the debate move on. A great many Back Benchers wish to contribute to the debate and I have a responsibility to them as well.

Ed Balls: The reason there are so many points of order and interventions is that Opposition Members are trying to conceal a fundamental fact—that on education policy and raising the education leaving age to 18, they are against reform, they are acting against the reviews of business, and they are acting against educational opportunity for all and not just some. It is the Government who are taking the long-term view and delivering educational opportunity for all and not just some. It is the Government who are preparing all our young people for the demands of the modern world. It is Labour, not the Opposition, that has the vision, and I commend the Gracious Speech to the House. *[Interruption.]*

Madam Deputy Speaker: Order. May we please have a calming down of the debate and the Chamber? I call Mr. Norman Lamb.

6.1 pm

Norman Lamb (North Norfolk) (LD) *rose—*
[Interruption.]

Madam Deputy Speaker: Order. I ask once again for order from those on both Front Benches.

Norman Lamb: I suspect that I am not alone in having lost the will to live after that performance. I suspect that, on reflection, the Government might decide that the Secretary of State for Health should have started the debate.

The beginning of the debate has been rather disjointed, with the shadow Secretary of State for Health being followed by the Secretary of State for Children, Schools and Families, and now we are back to the subject of health. It might have been helpful if the Government Whips had informed the Liberal Democrats of the shenanigans that went on yesterday. No one on our side was informed of the change. It seems that the Government Whips themselves did not know.

In last year's Queen's Speech, the Government committed to investment in and reform of public services

"to help the most vulnerable members of society".

That passion appears to have been ditched this year. This year's commitment is

"to providing a healthcare system organised around the needs of the patient."

That goes to the core of determining the future of our health service and making sure that it is fit for the 21st century.

The key question is who decides the needs of the patient. The Labour Government's approach so far has been for Whitehall to determine the needs of the patient. My view, and my passion, is that patients should be empowered to make decisions about their health care, not just about which hospital to be treated in, but about all aspects of their treatment.

I was fascinated to see the Conservative amendment. It refers to empowerment, but is that empowerment of patients? No, it is empowerment of professionals. Clearly, it is important for professionals to be empowered to do their jobs without national targets distorting and interfering with their clinical judgment, but surely the key issue is ensuring that patients are empowered to make decisions about their own health care. That is not just an aspiration. It is a necessity to empower the patient, particularly to self-care.

When Wanless first advised Government on future investment in the health service, he made the point that unless patients were empowered—enabled—to look after their own health, the health service would end up bankrupt. Too often in today's health service, patients are treated as passive citizens. They get what they are given. It is not just about investment. It is about ensuring that the patient is treated as the most important element of the equation.

There are three areas where I expect even the Government would admit a failure to meet their own standards of ensuring that services are organised around the needs of the patient. I shall deal first with health inequalities, which mean that people in disadvantaged communities are getting poorer health outcomes, and often poorer access to services. The Department of Health's departmental report this year contained a section dealing with health inequalities, which had an optimistic title, "Progress on health inequalities". It set a target of 10 per cent. reduction by 2010, but the conclusion in the Department's own report was that the long-term trend is of widening inequalities. That is still continuing.

Let us look at the facts in modern Britain. Accident of birth determines one's chances of survival as a child. People from the poorest communities are three times more likely to die in childhood than those from the wealthy suburbs. There is a gap of 10 years in life expectancy between men in Manchester and men in Kensington and Chelsea. If that is narrowed down to individual wards in cities, the inequalities are even greater. In Sheffield, there is a 14-year gap between the poorest wards in that city and the wealthiest suburbs.

I find that unacceptable—as, I suspect, do many Labour Members. Surely it is unacceptable—*[Interruption.]* The hon. Member for North Durham (Mr. Jones) laughs, but I regard this as an important issue. After 10 years of a Labour Government, it is a disgrace for health inequalities to have widened.

In a recent report the NHS Confederation examined the causes of inequalities and highlighted, for example, the number of people who are not accessing health care. The report refers to the British Lung Foundation. There are 2 million people in Britain with chronic obstructive pulmonary disease who are not diagnosed. Lung disease is preventable and treatable, if only those people were getting access to treatment. According to Diabetes UK, there are 750,000 people with undiagnosed diabetes. If only they could be diagnosed and treated, their quality of life would be dramatically improved.

On the big public health challenge, obesity, the Foresight report recently warned of

"continued polarisation of the population, into the junk food eating, less-educated poor and functional food eating, better-informed higher classes".

We should all be concerned about that. The report draws attention to the importance of improving educational attainment in those deprived communities in order to address the problem.

Derek Wanless was brought in by the Government to advise them on the future of the health service. His conclusion about the Government's record on public health is that it is impossible to track trends in public health spending because it is not monitored, so we do not know what is happening. He goes on to say:

"It is...indicative of the relatively low priority given to public health that, while non-public health medical staff...have increased by nearly 60 per cent since 1997, the number of public health consultants and registrars has"

fallen. We have massive challenges on public health, yet we now employ fewer specialists than when Labour came to office. That is also a disgrace. Wanless says in his conclusion:

"tackling recent financial difficulties in the NHS by raiding public health budgets"—

anyone on the Health Committee will know that it gathered evidence of that—

"has not been in the long-term interests of the public health of the nation."

That is the legacy of the financial mess in the NHS over which the Government have presided.

When times and finances are difficult, the most vulnerable usually end up suffering, and that has happened in respect of the cuts in public health budgets. *[Interruption.]* Yes, there have absolutely been cuts; in many areas of the country, public health budgets have been cut—and the Health Committee, with its Labour Chairman, has confirmed that view.

[Norman Lamb]

What do the Government say they are doing about health inequalities? Lord Darzi has proposed that there should be 100 new GP practices in deprived communities, and on the same page discusses 150 new GP-led health centres; I do not know whether that makes 250 in total. That would make a difference. However, the NHS Confederation has already highlighted the fact that in the current GP contract there are disincentives against practices working in deprived communities. The confederation has put forward suggestions that could change those disincentives now, and I hope that the Government will listen.

Mr. Lansley: Does the hon. Gentleman recall, as I do, that the NHS plan in 2000 included the intention that by 2004 there would be an extra 200 personal medical services contracts in the most deprived areas? We have heard all this before; it just did not happen.

Norman Lamb: I agree, and I know that that was in the NHS plan. Commitments to make all sorts of changes are of absolutely no value unless action follows.

In the current GP contract, there is the minimum practice income guarantee, which pays sums based on historic funding levels for GP practices. The NHS Confederation concludes that the way in which that works disadvantages practices in deprived communities. Why was the contract negotiated in a way that had that result?

Dr. Howard Stoate (Dartford) (Lab): I am sure that the hon. Gentleman is aware that the NHS Confederation actually negotiated the GP contract. If it was so upset about those issues during the negotiations, it should have driven a better deal. The hon. Gentleman is concerned that the confederation is worried now—but it negotiated the contract.

Norman Lamb: I do not care what the GPs think about the situation or whether it is of concern to them—*[Interruption.]* Listen to the answer. I am concerned about whether sufficient numbers of GPs are working in deprived communities. The statistics show that there are fewer GPs per 100,000 of population in poor communities, in which there are greater health problems, than there are in the wealthier suburbs. That is a fact, and it is unacceptable. It is ludicrous that the GP contract should provide disincentives for GPs to work in deprived communities.

Dr. Stoate *rose—*

Mr. Chaytor *rose—*

Norman Lamb: I shall not give way now, although I shall in a moment. Let me finish my point about the GP contract. The quality and outcomes framework—the method of incentivising GPs through further payments—also works to the disadvantage of practices working in deprived communities. The NHS Confederation confirmed that under QOF, rates of achievement in deprived communities are lower than those of wealthier suburbs, so practices in the former end up getting paid less.

Under QOF, GPs get paid more working in a wealthy suburb than if they work in a deprived community. Remarkably, QOF remunerates at a lower rate practices with a higher disease prevalence. The NHS Confederation gives an example of that. The hon. Member for Dartford (Dr. Stoate) looks bemused, but he should read the confederation's report on health inequalities.

Dr. Stoate: I am not bemused about that, but about the fact that the hon. Gentleman is talking about the NHS Confederation, which is the body designed to negotiate such issues with the British Medical Association. If it has such issues, it should involve itself in the QOF talks, which are carried out each year to ensure that the GP contract is modernised.

I have one further point. The hon. Gentleman talked about deprived communities, and I entirely agree with him, but Lord Darzi has proposed 100 new GP practices and 150 new GP-led health centres for deprived areas. That is precisely to meet the problems that the hon. Gentleman has raised.

Norman Lamb: I have no idea whether the NHS Confederation is culpable, but ultimately the Government are in charge. The confederation now says to the Government that they ought to change the GP contract to remove the disincentives to practices working in deprived communities. What is the hon. Gentleman saying? Should we ignore the confederation? That is a ludicrous proposition.

Dr. Stoate: The hon. Gentleman is being generous in giving way. The NHS Confederation should be negotiating; if it does not like the GP contract, it should renegotiate it. I assure the hon. Gentleman that GPs would be happy to look at the GP contract again to improve on some of the issues that he has raised.

Norman Lamb: I do not know what we have achieved through these interventions.

Mr. Chaytor *rose—*

Norman Lamb: No, I shall not give way. The hon. Member for Dartford seems to abdicate completely from the Government's responsibility to ensure that the GP contract removes disincentives for practices working in deprived communities. He seems unable to understand that point.

The NHS Confederation says that at the extremes, a practice working in an area of high disease prevalence could end up receiving £13 per patient under QOF, whereas a practice in a leafy suburb could get £26,600 per patient. That is a perverse and outrageous outcome—*[Interruption.]* The hon. Gentleman should read the report. It is remarkable that the Government should have been prepared to preside over a system that so disadvantages practices working in deprived communities.

I want to move on to the next area where the Government have completely failed to ensure that health services are provided on the basis of the patient's need. I refer to mental health. The Secretary of State's announcement of £170 million to develop therapy services is certainly welcome. However, I

suspect that if the Government were to measure mental health services against the test set by the Queen's Speech—that services should be based

"around the needs of the patient"—

they would accept that the service had been found severely wanting. Mental health has again been one of the main casualties of cuts when primary care trusts have faced heavy deficits in the past two years.

A psychologist with whom I recently spoke in Sheffield said that some of the most vulnerable people, with severe and complex needs, had been on her waiting list for more than two years. She said that cognitive behaviour therapies, which will be provided under the Layard reforms, would not be sufficient for many of those patients. Given that some have to wait more than two years for access to therapies, and that in many parts of the country there is no access at all to talking therapies, the service is not based around the needs of the patient—that rather bland commitment that the Government made in the Queen's Speech.

Mental health patients should have an entitlement to treatment within a defined period. We should also tackle the wholly unacceptable state of many mental health wards around the country. The condition of many of those wards would not be accepted in any other acute hospital, yet they are there behind closed doors in many of our mental health hospitals. There needs to be a revolution in mental health. It is a disgrace that after 10 years of this Government, and so much investment going into the health service, that has not yet happened.

Mr. Kevan Jones (North Durham) (Lab) *rose—*

Norman Lamb: I will not give way at the moment.

It is also a disgrace that people with mental health problems are discriminated against in terms of their physical health. People with mental health problems have a life expectancy of 10 years less than the rest of the population because they do not get equal access to health services for their physical health needs. That is unacceptable.

The third area that I want to deal with in assessing Government performance against the tests set out in the Queen's Speech is care of older people. The spending review contained a 4 per cent. real-terms increase for the health service and a 1 per cent. real-terms increase in social care funding. Why the distinction? What possible explanation or justification could there be for it? The hon. Member for Dartford is nodding; I am glad that he is acknowledging that. Our big challenge is an ageing population. We know what is going on in social care. In the vast majority of local authorities, the criteria for accessing domiciliary care have been cut right back so that only the most urgent crisis cases are getting access to such care. Fees have rocketed. Over the past 10 years, there has been a 25 per cent. reduction in the number of households accessing domiciliary care from local authorities, at a time when the number of older people is significantly increasing. Again, that is unacceptable.

It is extraordinary that 10 years into a Labour Government and nine years after the royal commission report, we get to a point where the Government are announcing a process that will lead to a consultation that will lead to a Green Paper, which might in due course lead to the possibility of reform of a grossly unfair system. The means-testing system for the funding of care for older people is scandalous. Niall Dickson of the King's Fund described the way in which old people are treated as one of the unrecognised scandals of our time. The brutal truth is that many older people, particularly those on lower incomes, do not get access to the support that they need in their own home, and often the quality of care in care homes is not good enough. There is a chasm between the bland assertions in the Queen's Speech and the reality of what we see on the ground. This Queen's Speech, quite apart from those in previous years, should have included a commitment to legislate to ensure that older people get the funding support that they need for care at home or in care homes.

Dr. John Pugh (Southport) (LD): Does my hon. Friend want to remark on the fact that there is only a 1 per cent. increase in the local authority budget for elderly people?

Norman Lamb: Absolutely. One gets from local authorities the clear impression that they have a crisis in the funding of services for older people.

Let me turn to the Conservative position. The Conservatives say that the NHS is their No. 1 priority—that is what we heard at their conference—but they offer a tax cut of nearly £300,000 for estates worth over £1 million, yet would do nothing at all for people who lose everything as a result of getting dementia or Alzheimer's and end up having to sell their home because they cannot afford to pay for care. Their priority is to give tax cuts to millionaires and their families; our priority is to help those who miss out on means-tested benefits but have worked hard all their lives to gather together a small nest egg only to see everything go because of a pernicious system of means-testing.

That brings me to the rest of the Conservatives' vision for the future of the health service; it will not take me too long. On the radio this morning, the Conservative leader talked about the Conservative party being the party of localism. I nearly choked on my muesli—being a good Liberal Democrat—because that is a contradiction in terms. The Conservative plan is for a national quango with no local democratic accountability. Having read through their paper—it was rather turgid, but I got through it—I asked myself, "What would happen under the Conservative paradigm when a hospital is threatened with closure?" The answer is that an unelected national quango would make the ultimate decision about whether to close a hospital in, say, Sidcup. That is their localism—it is utterly meaningless—and once people realised that their hospital was to be closed by an unelected quango in London, they would lose any enthusiasm that they might have had for it.

I want to say a few words about professionals working in the health service. One is often left with the impression that they do such good work despite what happens in Whitehall rather than because of any direction from there. In the past week, I have been overwhelmed by watching the work of a consultant professor at University College hospital in London

[Norman Lamb]

who is developing pioneering photodynamic therapy to cure people of cancer without the need for an operation. I talked to a consultant who is developing a cure for multiple sclerosis. When one hears from these people about the remarkable work that they are doing, one is left humbled by the quality of people within the health service. That is just the specialists, but it goes the whole way through the system, from the lowliest cleaner to the most specialist consultant. The dedication and quality of care is immense.

However, as the Secretary of State wonderfully declared recently, those working in the NHS are "not happy bunnies". That is because they are utterly sick of the endless incompetence, contradictory reform and reorganisation from Whitehall. The psychologist from Sheffield who I mentioned earlier told me that morale in her section is being undermined because she and her colleagues face a change of employer. They are going to carry on doing exactly the same job, but once again their employer will change. I talked to health visitor in Sedgefield who was on her fifth employer and had been doing exactly the same job since 1987. There are ludicrous changes and reorganisations from the centre, as we saw with the junior hospital doctors debacle.

Then there are payments to administrators. In Health questions, the Secretary of State was very honest in response to a question about what is happening with pay-offs to administrators who leave the health service. I want to refer to the case of a guy called Peter Reading, who was chief executive of a hospital trust in Leicester. He was earning £180,000 a year. There was a pathway project to build new hospitals in Leicester, which collapsed. This guy was widely respected, but it appears that he was forced out of his job with no notice, probably by the strategic health authority. He got a £700,000 pay-off. The new temporary chief executive will earn £100,000 in three months—that is, on my reckoning, £400,000 a year. What is going on in Labour's health service? This is ridiculous, is it not? How can one possibly justify such pay-offs to people who are often in their early 50s and doing very good work but for one reason or another, following a decision by the powers above—usually the SHA doing the Secretary of State's bidding in the region—have to go, so there is another change and another enormous pay-off?

I end by referring briefly to the Bills in the Queen's Speech. The health and social care Bill will be welcomed by the Liberal Democrats. It is positive and will break the regulatory divide between health and social care, which is a good thing. while bringing in mental health care as well. I am struck by the fact that the organisational divide between health and social care will remain in place. That divide is damaging patient care, and we must integrate those services much better than we do at the moment. The new service must be properly and adequately resourced, and we have to ensure that mental health is prioritised—it must not be allowed to sink as part of a larger service—and that it has real powers to drive up health and social care standards. The regulation of human embryology was also a welcome inclusion in the Bill. That will be the subject of joyous debate because it involves many controversial issues, many of which are conscience issues that will divide the House on the basis of a free vote.

We will support the Conservatives' amendment, but on the basis that our vision of a reformed legislative structure for the NHS is very different from what the Conservatives have in mind. Our vision is of local democratic accountability and local control, which this Government have so far failed to provide, and which is certainly not on offer from the Conservative party.

Mr. Deputy Speaker (Sir Alan Haselhurst): I must remind the House that Mr. Speaker has placed a 10-minute limit on Back-Bench speeches, which operates from now.

6.31 pm

Mr. Andrew Smith (Oxford, East) (Lab): I would like to concentrate my remarks on the education and skills Bill, and in particular the fulfilment of the historic commitment to education and training for all young people up to the age of 18. I have three general points. First, the commitment to the educational and skills needs of everyone in this age range is greatly to be welcomed, as the TUC, CBI, the British Chambers of Commerce and many others have already said. However, we have to think through its implementation carefully—and I believe that we are. We all know that the process will not work if it just conscripts uninterested or hostile 16 and 17-year-olds into occasional attendance at schools or colleges that they do not want to be in, where a minority would have the opportunity to sabotage other people's education as well as their own.

Secondly, the reform will work only if it is enabling and engages those who so far have not done well at school and do not like it. It must give, and be seen to give, a range of good opportunities. As the Secretary of State said, it must not be seen as mandatory school attendance up to 18. As it applies most of all to those who might not otherwise have chosen to stay on at school, it must be good at guiding them towards options that they feel really offer them something, and at persuading them that they have the chance to make something of themselves.

Thirdly, that process must be part and parcel of raising aspirations and standards, as we are seeking to do throughout mandatory education, not simply as an add-on or an alternative. If the problem is that there are too many 16-year-olds without basic numeracy, literacy or social skills for employment, the best solution is still to have a more effective focus in getting the basics right in the early years, not simply adding another year or two of remedial education.

Mike Penning (Hemel Hempstead) (Con): Absolutely right.

Mr. Smith: The hon. Gentleman says that that is absolutely right. The difference is that I see the investment and attention that we are giving to the early years as a platform for opportunity for all 16 to 18-year-olds, whereas Opposition Members would deny them that. We must make sure that the goal of achieving five A to C grades at GCSE does not detract from efforts to ensure that those who do not achieve at that grade come away with a basic qualification in

literacy, numeracy and communication that employers recognise and that young people can be confident will meet basic requirements for some of the jobs on offer. We have to pay closer attention to that matter.

Mr. Graham Stuart: The right hon. Gentleman repeated the mantra, which no doubt might have some political resonance and use, but does he accept that Members in my party are not committed to excellence only for the few? All of us, throughout this House, want an education system that helps everybody, and indeed, that helps most of all the vulnerable and those with least, who are failed by the system. That is common throughout the House, and parroting the weak remarks of the Secretary of State does not do the right hon. Gentleman any justice.

Mr. Smith: If the hon. Gentleman and his colleagues wish to will the ends and say that they want to achieve those ends, let them embrace the means. That is precisely what the Bill is about.

John Bercow (Buckingham) (Con): Will the right hon. Gentleman give way?

Mr. Smith: I am sorry, but as the hon. Gentleman knows, time is very limited and I have to press on.

Meeting the goal of providing appropriate education and training for 16 to 18-year-olds not presently in education and training will, as we know, be a huge challenge. It puts a big responsibility on all providers and employers, as well as the Government, to make sure that we get it right. It is crucial that the 14-to-19 partnerships to plan delivery of entitlement to diplomas work well. I must commend the guidance the Government have put out on the gateway to diplomas, which is commendable.

I stress the importance of young people getting accurate advice about the opportunities available to them. The issue of which courses and qualifications actually enable them to do a job is important. For example, at the moment, someone completing a hairdressing course at a college of further education would get a licence to practise, whereas someone doing a hairdressing course at school will not. Once over 18, such a school leaver would have to pay to complete the vocational course, which clearly disadvantages those from poorer backgrounds. It is very important that young people and their parents know where they stand on that sort of choice.

Advice on education, skills and careers needs to be independent. We need to make sure that the advice suits the interests of the young person, rather than those of the organisation through which it is provided. We also need to make more and better use of providers with a track record of working successfully with young people at risk of exclusion from the education system. I have seen at first hand the good work done in a range of secondary schools in my own constituency by Skill Force, which provides project-based personal development and basic skills courses. Teachers have told me that Skill Force instructors have been able to re-engage pupils with whom they were struggling. From talking with some of the young people concerned and reading their own self-evaluation in their workbooks, it is clear that they appreciated and benefited from the approach, which is based on breaking down longer-term goals into discrete projects, so that the young person can see, almost day to day, the progress that they are making.

Skill Force was able to expand its activities to cover some 200 secondary schools through central funding from the Ministry of Defence and the Department for Children, Schools and Families, as well as funds raised externally. They have accepted the phasing out of central funding in favour of payments from schools themselves, but have asked if that could be done more gradually. I and my hon. Friend the Member for Stockton, South (Ms Taylor) have been to see the Secretary of State about that, and I was pleased to learn yesterday that he was able to provide Skill Force with some additional transitional funding, which is welcome. However, that raises the more general issue of the mechanism for funding plurality of provision within the system, especially where schools are both purchasers and providers.

Ms Dari Taylor: Would my right hon. Friend stress, before he leaves the matter of Skill Force, what many in the teaching profession have said? When such projects are established in their schools, they are able to teach for the first time, and they find a serious improvement in the relationship that they have with students. Secondly, the youngsters end up with significantly improved examination results. It is a win-win.

Mr. Smith: It certainly is, and my hon. Friend is quite right. Not only do young people benefit from the Skill Force approach, but it subsequently enables them to re-engage with mainstream education and their teachers.

My point is that there is a lot to be said for shifting the responsibility for such funding across to local education authorities so that they can mobilise resources to engage young people who might otherwise drift out of the system. Making the LEA the broker in such a way would also help the involvement of external providers by cutting down to a more manageable level the number of separate relationships they have to establish and maintain. It would also better align provision with consequences in so far as the LEAs would ultimately have to pick up the pieces when young people drop out.

Many of the additional young people whom we will expect to stay in education and training will be attracted by courses at colleges of further education because of college links with employers and expertise in vocational courses. It is important that the role of colleges is fully recognised. The point about funding was mentioned earlier. Of 16 and 17-year-olds presently in full-time education and training, 38 per cent. are at maintained schools, 9 per cent. are at independent schools, 14 per cent. are in sixth form colleges and 39 per cent. are at further education and other tertiary colleges. If resources are to follow the student rather than the other way round, it is important that further progress is made to eliminate the funding gap between schools and colleges, which will still be around 12 per cent. per student next year, and to tackle disparities, such as the fact that colleges are not funded for each additional student they take on whereas schools are.

[Mr. Andrew Smith]

Let us do all we can to ensure that employers large and small play their full part through apprenticeships and effective training. The TUC, in its submission on the Queen's Speech, makes a powerful case for apprenticeship targets to be included in sector skills agreements. I hope that that is something that the Government will consider favourably.

For many young people in the age range who are not presently in education and training, employment with accredited qualifications will be a more attractive way forward than staying in the classroom, but some will need a lot of help and support to make it a reality. Let us make sure that they get it. This is one of those epoch-making reforms which, done well, will strengthen opportunity, social cohesion and competitiveness. Whatever the Opposition Front-Bench team say now, I do not believe that they would reverse the change if they got the chance. They ought to join us now in making it a success.

6.42 pm

Mr. Kenneth Clarke (Rushcliffe) (Con): I am pleased that the Secretary of State for Health is speaking second, even if it is a result of the Government not understanding what the other parties were arranging for the debate. It gives me a chance to address him, as he will be winding up the debate, and ask him some fundamental questions about health. I want to invite him to try to reassure me that his commitment to reform and improving the health service remains unabated and that we are likely to see some more practical progress in the near future.

It has become a truism to say that the Queen's Speech revealed no signs of that vision for which the Prime Minister apparently delayed going to the country for an election. I waited to see whether it gave any signs of the now old and discredited Blair Government being abandoned and new policies being produced by the "new Government", led by this Prime Minister. It gave us few clues. The only change of policy that I noticed in this area is that we are now to give every expectant mother £150 to buy vegetables and fruit, which does not seem to me to go to the heart of the health care of the nation. There are more substantial issues, in particular how far the health service will be further reformed and whether the Government are committed to going in the direction of reform on which there was a wide measure of agreement.

I regret that the Secretary of State for Children, Schools and Families wound up his contribution with a quarter of an hour of knockabout nonsense in his description of our education policy. In health, that is scarcely possible because everybody knows that for the past few years, in principle, there has been a remarkable degree of connection between the Government and the Opposition, despite all the controversy that health reform caused in the past. Both sides are committed to a free national health service paid for out of taxpayers' money and so on. We have always agreed that a combination of more resources and reform at the same time are required if the vision of the health service is to succeed. We are agreed on the purchaser-provider division, and that choice and competition are the way to drive up standards in the health service. At least that was the position of the Blair Government: money would follow the patient, with payment by results, and the services being purchased with taxpayers' money would come from a wider range of providers, including voluntary and private sector providers as well as state-owned ones.

When I listened to most of the previous Secretaries of State for Health under the Blair Government, after the first one, I always found that when they spoke in principle, they made speeches that I could have made. The principles that I have just described were those of the third-term Thatcher Government, of the Major Government and of the Blair Government after about 1999. What went wrong was the competence in delivery, about which I frequently complained. I agree with my hon. Friend the Member for South Cambridgeshire (Mr. Lansley) that the whole thing was buried by an over-centralised approach, a plethora of constant initiatives, an over-concentration on nationally determined targets and so on, and constant structural upheaval. As the hon. Member for North Norfolk (Norman Lamb) rightly said, that upheaval means that many people working for the NHS have found that they are working for the umpteenth employer in the past few years and have had to reapply several times for their own job when it has been readvertised by some new organisation.

Are the "new Government" as committed to reform as their predecessor?

The Secretary of State for Health (Alan Johnson): Yes.

Mr. Clarke: The Prime Minister has constantly let it be understood that he was far less committed than Tony Blair to all this reform of the health service. He regarded it as what we used to describe as the internal market, and thought that there was a limit to what the market could achieve. The Queen's Speech gives no clue about that. The Secretary of State is comparatively new, because we keep changing Secretaries of State for Health. His predecessor found herself, near the end, in a constant mist. She made little progress in reform and spent her entire time firefighting incident after incident and presiding over debacles such as the junior doctors appointments farce.

Is the Secretary of State now committed to reform? He nodded and said yes earlier. He will have to reassure me that he does not mean just trying to keep out of trouble with his foot taken off the accelerator and a touch on the brake. The NHS will require more. In my opinion, the NHS has never needed reform to be implemented effectively more than it does at the moment.

The background is a great financial crisis. I shall not go into the cause of the present crisis, but it finally came to a head with those ridiculous pay settlements and new contracts, which laid down levels of provision for payments that the NHS could not afford. That has produced a fantastic mess, with deficits all over the place. My NHS trust is allegedly "borrowing" almost £10 million, which it will have to repay with interest next year to get itself out of deficit. Primary care trusts with surpluses find that they are "lending" money to the NHS trust to get it out of trouble, so that those that are run well and have surpluses they thought they

could use to redesign their services do not have the money at the moment. The growth in funding in the NHS will slow down. The days when everything was buried with money and a 7 per cent. real-terms increase each year could smooth out a lot of the problems are over, and so the need for properly implemented reform has never been greater. I do not quite see where we are going.

I want to concentrate on the key and most difficult issue in reform towards the model that the Queen's Speech defined as a patient-led service. That is the euphemism for reform in the direction that I have described. The most difficult thing on the way is the purchasing, or so-called commissioning, of services. Patients should have a choice, and I agree with the Liberal spokesman on that. Actually, Liberal Democrats are wrong to dismiss the professionals. None of us has clinical expertise. The patient exercises choice with the advice of his family doctor, usually a GP, who should be in a position to satisfy that choice. I have no idea where we are getting to on commissioning. No subject in the service has surrounded me in more of a mist of incomprehensibility. When I was Secretary of State, I laid down the plans for GP fundholding, to which we were committed. By the time the new Government came to office, half of all GPs in the country were in fundholding practices. The system was becoming popular and the Government made a big mistake by scrapping it. There is no point in going back over that; but then they changed their mind, did not abolish the purchaser-provider divide and revived the scheme under the name of practice-based budgeting, which we are now meant to have.

The Government corrected some of the errors that we made. I approve of the national tariff. I will not argue too much about whether practice-based budgeting is exactly the same thing as GP fundholding, but it is the same principle. We are to back to purchasing and commissioning. Most GPs share my hope that they will be given much more control over how taxpayers' money is used for their patients and much more ability to redesign their local services and improve them in directions that they can see are desirable.

Mr. Charles Walker (Broxbourne) (Con): Does my right hon. and learned Friend agree that GPs are probably in the best position to know what the unique needs of their patients are?

Mr. Clarke: I do. The best general practices in this country are among the best features of the NHS. I would argue that there is a wide variation in quality, but the best family doctors are in the best position to have a big influence on the development of the service and are greatly trusted by their patients. The best of the younger ones are mad keen to get on with things. I am always pleasantly surprised by the entrepreneurial spirit and the desire to improve things that one finds among the best GPs. That is why 96 per cent. have signed up to the idea of GP practice-based budgeting.

Indicative budgets have been agreed and put in place by all the PCTs in the country. That sounds marvellous, but what I and, so far as I can gather, many in the field have difficulty understanding is how far that means anything so far and how far it will be allowed to make any difference in practice. The PCTs retain all the commissioning powers. The new PCTs are therefore to be the only purchasers. Unfortunately, they have just been set up, as a result of a massive reorganisation, so most of them are just beginning to grope their way towards doing anything. The original idea in 2005 was that the GPs would do the commissioning themselves. The PCTs have now been put in charge, but they are now in the middle of a monster upheaval. They were originally set up to be purchasers and not to be providers, but the Government backed down on that, so they are a mixture of purchasers and providers. The PCTs are also extremely reluctant to give up their new commissioning powers to GPs. Meanwhile, GPs have their own budgets, but find that they have remarkably limited discretion over them.

John Bercow: Is there not a particular difficulty when an organisation involved in the commissioning process has responsibility but lacks power? The example that I have in mind is when a local education authority is charged with procuring speech and language therapy services but does not have the power to secure them because the therapists are principally employed by the cash-strapped primary care trust. Is that not a problem?

Mr. Clarke: It is entirely a problem. The moment a keen, go-ahead GP consortium—I have one in my constituency, although it is not the one that has complained to me particularly—wishes to make changes in its budget and use any savings to develop the service, it first needs the consent of the PCT. It is extremely difficult to secure the consent of the PCT. Most are not geared up to agree and many do not have the necessary skills. The result, as surveys in the *Health Service Journal* and so on show, is a high level of frustration, with GPs having signed up to the new approach but large numbers thinking that it has so far not made a significant difference to the standard of service in their areas.

I should therefore like to ask whether the bland reference in the Queen's Speech to a patient-led service will lead to more progress in that area. At one time it was thought that the private sector would bring in expertise. The Secretary of State played that down in a speech that he made in February. He has now announced that there are private sector providers that will be able to give advice to PCTs, but only a small number of PCTs seem prepared to take that advice. I wait to see whether the Secretary of State will be any clearer about the way out of the present confusion, because he has to make the system work if he is not to find himself presiding over a service that is in an even worse crisis than on the day he took over.

6.55 pm

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): I am pleased to say that this is my first speech as the new Chairman of the Select Committee on Children, Schools and Families, although I understand that the Department has already been given a different name and is known within as the Department for curtains and soft furnishings. The acronym works, but it makes it rather confusing to remember what the new Department is called.

[Mr. Barry Sheerman]

On a serious note, we had the first meeting of our Committee yesterday, at which deep concern was expressed, which it was felt should be raised at the earliest opportunity, that two Front-Bench spokespersons from the official Opposition had been appointed to the two new Select Committees that replaced the Select Committees on Education and Skills and on Science and Technology. This is the first time that that has happened in the Select Committee system—

Mike Penning: No it is not.

Mr. Sheerman: I know that it happened in the past with the Liberal Democrats, but to my knowledge the latest development has never arisen before, and there is some concern among all the parties about that.

Mike Penning: What the hon. Gentleman describes has happened before, on the Select Committee on Health. It worked for three and a half years and there was no problem with the Chairman at that time.

Mr. Sheerman: I bring the matter to the House because concern has been expressed on an all-party basis that what has happened seems to run against the whole notion of scrutiny of the Executive. I make the point because all the members present at the first meeting of our Committee asked me to raise it, not only here but in the Liaison Committee.

The Queen's Speech always gives us the opportunity to run across all the issues in it and all the ones that we wish were in it. Wearing a slightly different hat, I would have loved to go into detail about the Climate Change Bill, the planning reform Bill and the way in which the Government will, wisely we hope, provide proper management for a reduction in carbon dioxide. I would have touched on a wide range of issues if I did not have only 10 minutes, but I shall concentrate on education, not health.

I want to talk about raising aspirations, which comes right at the beginning of the Queen's Speech and is an important theme. Any hon. Member who is the Chairman of anything to do with education in the House will have seen the range of things suggested for legislation, such as education and training until the age of 18. I introduced a private Member's Bill in the previous Session, earlier this year, that proposed a similar provision, to ensure that children in this country are children until they are 18, as I have always passionately believed they are. If we are to have a children Act with outcomes for children, they should not stop at the age of 16, but apply right through to 18. My private Member's Bill tried to push that. Do we allow children in the 21st century to leave school at 16 with no qualifications and go into work with no training? I am glad that my private Member's Bill has been superseded by the Government's commitment to a proper system for young people.

My right hon. Friend the Member for Oxford, East (Mr. Smith) was absolutely right in what he said about that. We have time to ensure that what we supply for young people between 16 and 18 is the right thing for them. For too long, the right thing has been for the academic high-fliers to do their GCSEs or A-levels and go to university. The system has also not been bad for people who stay on and decide to get a job with qualifications at 16 or 18. But, for a large number of young people in our country, there has been very little post-16.

I celebrate the fact that we now have this Bill. We have time to get this right—in relation to expansion, for example. My right hon. Friend who is now the Secretary of State for Health will remember when we used to discuss these matters in relation to Sandy Leitch's proposal to expand the number of apprenticeships to 500,000. That is an important element of these proposals. If we are going to get this right, we shall need to provide a whole range of genuine alternatives for young people of very different kinds. Some of those might involve opportunities to work in the community. I would like to see them linked to apprenticeships and qualifications. For too long, apprenticeships in our country were time-served, not qualification-served. Not many people know that someone could finish their apprenticeship and still not have a proper qualification.

I urge the Opposition parties not to rush to judgment on this issue. Let us all try to get this legislation right. Please do not undersell it or misrepresent it. It is not about forcing children to stay on at school until they are 18. The Bill will provide a whole range of different opportunities through work, training, apprenticeships and the new diplomas. I remember Howard Newby telling the Committee that the British had a genius for turning diversity into hierarchy, but I hope that we can avoid that. We must create a genuine choice for young people at 16, 18 and beyond, and establish a viable alternative for all their talents.

The proposals for 18-plus are wonderful, as is the fact that we are going to reform apprenticeships. However, we also have a Bill on services for vulnerable children, and is it not about time that we did? That Bill is absolutely necessary. We have a shameful record on the way in which we treat the children who used to be said to be in care, but who are now described as being looked after. They are the very children who deserve the best help, the greatest care and the most investment; there are about 60,000 in our country at the moment. Historically, however, they have been shamefully treated, often by local authority departments. Instead of taking care of them responsibly, they deputed the job to institutions and to people who were poorly trained, poorly supervised and poorly paid. What is the result? Statistics have been given by other hon. Members, but one that was left out is that only 1 per cent. of that cohort goes on to higher education. That is shameful.

I see no political advantage in being ideological: I do not care who delivers the appropriate level of care to looked-after children. It could be the private sector or the voluntary sector. I favour the third sector as the supplier of much of that provision, or perhaps a reformed local government department.

John Bercow: I acknowledge the iniquity that the hon. Gentleman describes. The Secretary of State focused on a theme of the pursuit of excellence—I say this as a fact, not a criticism—very much in the context of post-16 because of the legislative programme, but should not we start at pre-school level? The hon. Gentleman knows that the I Can Early Talk programme has received a warm reception in 227 children's centres

across the country. Would it not be a good plan to roll out that programme—or a comparable competitor—across the country, so that no child of two, three or four years old is denied the help that he or she needs?

Mr. Sheerman: The hon. Gentleman knows that I agree with much of what he says on these matters. His suggestion has a lot to recommend it.

Another good thing in the Queen's Speech is the commitment to the work-life balance. We underestimate the importance of that for people of the modern generation, who have much more stress. In most families, both parents work, and there are many more single-parent families than there used to be. These factors can place great stress on the work-life balance.

I want to finish on a subject that stems from the whole notion of raising expectations. I am not making a narrow political point here, but something that we have failed in recently, and not just over the past 10 years, is social mobility. According to the fine work of the Sutton Trust, and to most of the research that I have seen from the London School of Economics, social mobility has slowed down.

All of us should be concerned to get something out of the policies in the Queen's Speech, but I detect certain missing parts. Probably the most important speech on education this year was made by the hon. Member for Havant (Mr. Willetts), which was rigorous in its intellectual capacity. It looked at the impact of selection on our schools, and at the damage that it does. He ended up by saying that selection

"entrenches advantage, it does not spread it".

Labour has been too weak on this issue.

Dr. Ian Gibson (Norwich, North) (Lab): My hon. Friend mentioned the LSE. Does he believe that Oxford and Cambridge are traditionally as fair as other universities? They still dominate the university system. Does he not agree that they go for the rich and the powerful within their enclaves?

Mr. Sheerman: I certainly agree with some of that, and I have an ongoing dialogue with the vice-chancellors concerned. It goes further than that, however. Children are badly served by selection, whether in Kent or elsewhere. Some get into the grammar schools, and that is fine, but I have been to a secondary modern in Maidstone where 100 per cent. of the kids are on free school meals and 65 per cent. have special educational needs. That is not the way to run the education service for our children.

The important thing about the very good article by the hon. Member for Havant is the rigorous logic by which he concludes that the selection and the grammar schools that we already have should be abolished. That is the fact of the matter. I have taken quite a long time to join my hon. Friend the Member for Bury, North (Mr. Chaytor) in this campaign, but I now think that it is right. The days of selection have gone. Indeed, I will make myself even more unpopular—I am not saying this in a partisan spirit—by pointing out the real damage that is done by people opting out of sending their children to their community's schools, their society's schools, and sending them instead to schools in the independent sector. That undermines what we understand to be a good education, which should be based on the education of all the children in our community together. Getting the balance right between the poor, the more able, the less able, those with special educational needs and looked-after children is what we should be about. That is the mission before the House over this next year.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I hope that hon. Members do not need reminding, but it might help if I point out that, as we are debating an amendment to the Queen's Speech, their remarks must be confined to the broad terms of the amendment and not stray into other areas, as they could on the earlier days of the Queen's Speech debate.

7.8 pm

Mr. Ian Taylor (Esher and Walton) (Con): Thank you, Mr. Deputy Speaker. I will of course obey your stricture, much as I would otherwise have been tempted to comment on matters that need further attention in the Queen's Speech, such as the encouragement of the move to nuclear power as part of our overall energy diversity. I will, however, refrain from going down that route.

I want to focus today on the Government's education policies and, particularly, on the subject of science, which is mentioned in the amendment. Let me start by saying that some of the behaviour of the Secretary of State for Children, Schools and Families during the debate would not have gone down very well with schools. Indeed, he might have been faced with exclusion, even if he did not break any of the rules of debate in this House.

There is no disagreement between the Conservatives and the Government on the need to encourage more participation. There is no desire to make a distinction between those who can succeed in academic life and those who struggle, and who would—as the right hon. Member for Oxford, East (Mr. Smith) wisely pointed out—perhaps be better off following an alternative career path, and therefore an alternative educational path. Furthermore, Conservative Members understand that there are real issues around trying to keep the attention of children, whatever they are studying. The other day, I discussed some of those issues with a police inspector in my constituency. The police are trying to work with schools to keep children in school and to improve children's behaviour, without which no effort by the Government or anyone else will make a significant difference to those who find it difficult to maintain attention.

In the past 18 months, I have been preparing a submission to the shadow Cabinet on education and science. I have considered existing apprenticeship and training schemes and visited Network Rail's impressive training scheme in Gosport, which takes youngsters when they are 15 to 16-years-old. The first year of that course is residential, and it will train our future engineers for the railway system, which is commendable. In many cases, those children did not want to stay on at school, but they will obtain a structured education within that engineering apprenticeship.

We must reach out and find more options. I do not believe that the Government are attempting to extend

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the school leaving age to 18, and I share their idea that we should try to find diverse ways of encouraging youngsters to engage in something that will ultimately benefit them and society, and I am sure that my hon. Friends do, too. However, there is an issue: my concern is that in that desire to be inclusive, we are misunderstanding the concept of "excellence". Of course, everybody should be excellent, but we should not set the barrier for excellence at the point at which everybody can be excellent. I hope that the Secretary of State for Health will take that point on board in answering the debate. It is, of course, easy to malign someone such as me for saying that we must ensure that we keep striving to improve the top level of attainment in this country, but I am not saying that we should forget those who cannot attain it. As I have a short amount of time to speak, however, I want to concentrate on my real concerns.

I shall start with a controversial point. In his opening remarks, the Secretary of State for Children, Schools and Families said that Conservative Members are against a 50 per cent. target for university education. I want to rephrase that point: we would like 50 per cent. of young people to be able to go to university—we would like to see more and do not see why the target should be 50 per cent.—but the issue is what we mean by "university". If only 25 per cent. or fewer of those young people get a decent A-level, it is almost certain that the others will not be able to aspire to getting into our best universities. There are all sorts of ways in which we can try to help them—I will not repeat the speech made by the right hon. Member for Oxford, East—but we cannot ignore the fact that we have a problem. Meanwhile, global competition is expanding, and our best youngsters are being induced to go not only to American universities, but to Australian universities, which is not good for the United Kingdom.

There has been some criticism of our best universities for not widening their intake—in many cases, they have strived to do so, and many of them have schemes to work with schools that they have identified locally—but we must recognise that we need to improve the standards of entrance, even from today. There has been a decline not in the intelligence of 18-year-olds, but in the standard that they are asked to reach. In mathematics, for example, some of our top universities have to spend at least two terms, and possibly even the first year, bringing students up to the standard that used to be achieved by students when they entered university, and that example involves top-grade entry. That means that we have a problem in making sure that our best children are stretched.

There is a bigger issue. As I said in an earlier intervention, if one considers the number of youngsters who are taking chemistry, physics and maths—in the past year, there has been some debate about the figure for maths, which may well be due to a blip—the situation is extremely worrying. Unless we change that, we will not encourage this country's youngsters, who will subsequently become employees, to obtain the necessary skills. Many of our companies already say that they are extremely concerned by that point.

Dr. Gibson: Chemistry and physics are old world subjects, and there is so much contact now between different sciences—for example, environmental sciences comprises chemistry, physics, biology and so on. Is the hon. Gentleman not a bit behind what is happening in the real world?

Mr. Taylor: With great respect to the hon. Gentleman—I almost addressed him as my hon. Friend, because we have worked together so much on science subjects—I do not agree with him. One must have a grounding in the subject first, before one becomes multidisciplinary. It is perfectly reasonable for universities to offer the subject of forensic science as a more appealing name for chemistry, but actually chemistry lies at the bottom of the subject. Unless one has done chemistry at A-level, it is very difficult to study any multidisciplinary subject at university that requires that core knowledge. The number of students taking such core subjects is declining, which is worrying.

Will the Secretary of State for Health pass on to his colleague the Secretary of State for Children, Schools and Families that it is a particular worry that more and more schools are adopting a leaving-certificate approach to A-levels in which general science will do? General science might be interesting, and it might be a tick in the league table, but it does not get students into the best universities to study science.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I support the hon. Gentleman's point about the importance of the so-called hard sciences of physics and chemistry. Employers in forensic science want graduates with degrees in chemistry and do not look so well on graduates with degrees in forensic science or, for that matter, forensic science and music, which is offered at some universities.

Mr. Taylor: Putting forensic science with music sounds interesting. I entirely agree with the hon. Gentleman.

The core of the problem is the qualifications of teachers. Some 26 per cent. of state 11-to-16 schools have no physics specialists, and 12 per cent. of them have no chemistry specialists. I urge the Government to address that point. As well as trying to embrace more and more people in our education system and finding ways to keep their attention and improve their skills, we need to work out how to stimulate young people to take sciences and how to keep their attention as they go through the system.

I want to mention another big issue, which is often not understood. Many science departments in universities have closed in recent years, partly because the funding council does not fully fund the cost of the disproportionately expensive courses. However, there is another factor: if university vice-chancellors and bursars see that the cohort of 15 and 16-year-olds taking GCSE physics and chemistry in a particular year is small, they know that not many children will apply to do those subjects at university when they reach the age of 18. If the number of applicants is smaller, the departments will be smaller, and if the departments are smaller, the research grants will be smaller, because such grants relate to departmental size. The effect is that a university knows when it looks at the number of

15 to 16-year-olds taking GCSEs what size the research budget will be, and they are worried.

We must address that network of issues, and I urge the Government to do much more. I have published my submission to the shadow Cabinet, and as we are not having a general election, I urge the Labour Government to read my report, which is available in the Library and on all good websites. We must take corrective action now. We must improve teacher retention in sciences. We have to do more to stimulate use of the available science learning centres—partly funded by the Government and partly by the Wellcome Trust. That means changing the structure to allow supply teachers to go in when teachers go off to be trained. A whole series of interconnections have to be addressed; if not, we will not make a rapid change, however aspirational we are. We have to change the career structure that by and large sees careers teachers saying to children, "Well, that might well be a difficult subject, so don't try it". We need to downgrade the weighting of non-core subjects in school league tables to provide an incentive.

I urge the Government not to engage in banter between the Front Benches, as such banter is irrelevant. Let us stimulate ourselves to stimulate children to do better at whatever they want to do. Let us also remember that part of the overall ambition is to be excellent on a global basis and face up to some of the real challenges that the country will encounter over the next decade.

7.20 pm

Mr. Eric Illsley (Barnsley, Central) (Lab): Let me say at the outset, Mr. Deputy Speaker, that I am speaking in favour of the Loyal Address and against the Opposition amendment. It is a pleasure to participate in today's debate. I do not intend to detain the House for long, but I want to make a few points about education. I pay tribute to my right hon. Friend the Member for Oxford, East (Mr. Smith), who made an excellent speech on the same matter that I want to raise—increasing the school leaving age to 18.

In my Barnsley constituency, we have made great progress in education over the last few years. We have had two record years of educational achievement. Unfortunately, just as we have achieved better results, the national average has improved, so a gap still remains between our own achievement and the national average—but we still strive towards it. The building schools for the future programme provides one important advantage for us in the near future, as most of our primary schools, and every secondary school in the constituency, are to be rebuilt—thanks to the resources invested by this Government.

I welcome the Government's proposals to increase the school leaving age to 18, but I do want to raise one or two issues about it, particularly in respect of the NEETs—an awful acronym, which means young people not in education, employment or training. If someone were to mention NEETs in Barnsley, by the way, people would think they meant the opposite of days—such are the nuances of our language; if one is really unlucky, it could be a question of NEETs, afters and days, on a three-shift system! Our NEETs figure has been quite high over the years, but I am pleased to report that it currently stands at only 8 per cent.—the lowest ever. That has been achieved by a steering group—a partnership between the schools, the local further education college and employers—by setting up customised college courses and by requiring schools to take some responsibility for their school leavers.

My worry is that by extending the school leaving age to 18, we would inadvertently increase the number of children in my area who just disappear from the system, and do indeed drop out of education, employment and training. A significant number of young people in my constituency are happy to attend college after 16, but only until the age of 17. The local college has tailored courses to address that age group by providing a foundation course. The college, and indeed certain employers, look on it as a foundation course for these young people, before they look for or enter employment. The college is happy with that particular outcome: it views it as an achievement to have kept young people in FE until 17 and to have prepared them for the world of work. The college's worry is that extending the leaving age to 18 might deter young people from staying on the extra year, resulting in a drift away from provision.

Mr. Brooks Newmark (Braintree) (Con): The hon. Gentleman makes an excellent point about NEETs. Is he aware that the Government have spent a cumulative total of £1.6 billion on education maintenance allowance, but that the number of 16 to 18-year-olds not in education, training or employment has actually risen by more than 30 per cent. between 1997 and 2005? Does he really think that that is money well spent?

Mr. Illsley: Yes. That is an aspect that I am about to deal with. My constituency has the highest number of people in receipt of the education maintenance allowance, and that has gone a long way towards improving staying-on rates after the age of 16, so I am a big fan of EMA.

As I was saying, there is a fear that increasing the staying-on age to 18 could increase the number of young people in my constituency who completely drop out of education. The question has to be asked whether the resources would be better spent earlier in the pupil's lifetime, or whether we should increase the resources spent earlier in an individual pupil's school year in order to prevent the drop-out rate.

I was pleased to see the Government talk about one-to-one literacy classes and the idea of secondary school pupils having a tutor of studies. Experience in my constituency suggests that we need to address problems as they occur in primary and secondary schools rather than allow children to leave school at 16, drift away and be lost from the system. I recall talking with employers a few years ago and finding that they wanted to take children at 16 and provide them with training within the job that they offered—but they did not want to have to teach the kids how to read and write. They wanted children to leave school with the basics, so that they could take on the training aspects.

Let me say a few words about further education funding issues resulting from the Government's moves in that regard. I am particularly interested in the relationship between the post-16 agenda and the 14-to-19 agenda. My question is about the future of the

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learning and skills councils. Are they still to provide post-16 funding? Is money going to local authorities intended to provide for the 14-to-19 agenda, and if so, will that detract from the money available to our FE colleges? My hon. Friend the Member for Wolverhampton, South-West (Rob Marris), who is no longer in his place, referred earlier to the funding gap between schools and colleges. It would be quite wrong to maintain or increase the gap, or just to allow it to continue. The colleges are worried that local authorities will take some of their funding for the provision of the 14-to-19 agenda.

Another question to the Government—I understand that my right hon. Friend the Secretary of State for Health cannot respond to it, but I hope that someone else will pick it up and answer it—is about the relationship between the vocational and the 14-to-19 agenda. We heard the Secretary of State for Children, Schools and Families talk about diplomas, but will there be any opportunity to mix and match between the two? Can the academic cross over to the vocational and vice versa, or are we to have a dividing line between diplomas?

As for the capital funding of Barnsley college, it, like many others, has undertaken a rebuilding programme at the behest of the LSC, which has required it to borrow large amounts of money. Next year the college is embarking on loans of some £10 million. Because of the LSC's delays in agreeing that funding, the rebuilding programme has been held up and almost jeopardised. The college had to agree a rebuilding programme in phases, the first of which was to allow a decanting of the buildings to be refurbished. That first phase almost fell through because of the delays, jeopardising the other phases in the programme. What is the future of the LSC, which has brought about those loans, not only at Barnsley college but at others? Colleges are worried that they might be left holding large mortgages or loans in an uncertain future, given the divisions of funding between the 14 to 19 set-up and the colleges.

I repeat that Barnsley has one of the highest take-up rates for the education maintenance allowance, which has been a huge success. It has improved post-16 staying-on rates in my constituency, and I hope that it will continue to do so.

Finally, I have a concern about the Sale of Student Loans Bill. Will the Government ensure that students repaying student loans are not placed in any worse situation than at present through the sale of that student debt?

7.32 pm

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): The Human Fertilisation and Embryology Bill, under which amendments could be made to the 1990 abortion legislation, will soon come before the House. I want to consider some of the information to which MPs can look to inform their vote on such a serious issue.

As many MPs will know, more than 200,000 abortions take place in the UK each year—the highest number in any country in Europe, apart from Ukraine. A large percentage of women, particularly younger ones, are now multi-aborting, so we have concrete evidence that abortion is being used as a form of contraception. Everybody agrees that 200,000 abortions a year is too many. It was never intended that so many should take place. We would all like to see that number reduced—we would be strange people if we did not—on a yearly basis.

Many people cite the British Medical Association, which ruled this year that it would like the requirement for two doctors' signatures to be replaced with a requirement for one doctor's signature. I want to describe how that ruling took place. A motion was passed at the BMA conference. Three motions were put to the floor. At a BMA conference, motion one is always heard and voted on, sometimes motion two will squeak though, and motion three is very rarely heard. The three motions put to the BMA for a vote on that day were all pro-abortion; none was pro-life. Let me tell the House that I am not a pro-lifer; I believe that abortion is absolutely necessary in today's society, and I do not want abortion driven under ground. Nor am I a pro-choicer; I suppose that I am pro-choice in terms of abortion to a certain stage, but I am pro the foetus, and very much balanced on the issue.

Members of the House and the Government describe the BMA's position as being that only one doctor's signature should be required. That is not the case, because the following week more than 1,000 doctors who are members of the BMA put a petition online to say that that was not their position, and that the conference was given only pro-choice motions on which to vote. So Members should not look to that BMA ruling to inform their opinion.

Members might therefore look to the Royal College of Obstetricians and Gynaecologists instead. The Government paid the RCOG to establish a guideline committee to inform Government policy and provide the framework within which the abortion industry operates. Who is on that committee? Every person on it is pro-abortion and pro-choice. For example, the all-party pro-choice group is represented on that committee, but not the all-party pro-life group. Nearly every person on the Committee has a vested financial interest in the abortion industry; they are either paid to carry out abortions, or run clinics that carry out abortions.

Let us take the example of Dr. Kate Guthrie, who is on that committee. She advocates via that committee the assertion that abortion is fine up to 24 weeks. She does not support a change in the upper limit. On the "Dispatches" programme, she said that personally, she would not perform an abortion at over 16 weeks, because the foetus is too much like a baby. She is, however, a pro-choicer who sits on a committee and says that the upper limit should remain at 24 weeks.

The committee has no pro-lifers, or anyone with a balanced view. I do not believe that the RCOG main board realises what has happened, but the guideline committee has been completely hijacked by pro-choice activists and those who have a vested financial interest in the abortion industry. Members should not therefore look to the BMA or the RCOG guideline committee, because they will not get a balanced view from either of them.

Members might want to look at the report produced by the Science and Technology Committee, on which I served. They might think that it had a balanced view,

as it was an all-party Committee. Let me tell them what happened on that Committee. The Committee recommended that there was no scientific reason to reduce the upper limit from 24 weeks, because, it said, there is no evidence that babies can live below 24 weeks. It also says that a foetus cannot feel pain.

Mr. David Burrowes (Enfield, Southgate) (Con): Does my hon. Friend share my concern that the Minister's response to the Science and Technology Committee seemed to ignore the new evidence in relation to foetal pain?

Mrs. Dorries: That is absolutely true: the response was that it does not matter whether a foetus can feel pain, because a foetus can be anaesthetised before it is aborted.

The issue of abortion is not only scientific but ethical and moral, and we all have our own consciences to deal with. It is now also a matter of public opinion, because there is now a huge movement by the general public towards wanting to see a reduction from the upper limit—72 per cent. in the most recent poll, and 69 per cent. in the Communicate Research poll. Marie Stopes has just done a poll, and 62 per cent. of GPs want to see the upper limit reduced.

I am digressing slightly, and I want to return to the Committee's report. It says that there is no reason to show that babies can live below 24 weeks' gestation, and that foetuses cannot feel pain. First, no research post-2003 regarding foetal pain was considered by the Committee; it considered only research pre-2003. Why was that? Research pre-2003 says that foetuses cannot feel pain until 24 weeks. Research post-2003 tells a different story; it says that a foetus probably can feel pain, down to 16 weeks. Anyone who has been pregnant or who has seen a scan of a baby having its position changed will understand this. If one scans a baby at 18 or 20 weeks and attempts to change its position, one can see on 4D scanning that the baby suffers discomfort and does not like it. In fact, 4D scanning has shown us what a baby looks like in the womb, and how it behaves. There is no hard evidence that, for example, if we see a baby crying in such a scan, it is really crying, but we are looking at a small human being.

Dr. Gibson: The hon. Lady says that the Human Fertilisation and Embryology Bill is important, but there is nothing in it that necessitates a digressional discussion about abortion. That is an important issue, but we will have other opportunities to discuss it. The Bill is about so many other issues, and we would not want to be deflected from them by talk about abortion. We need to talk about the real issues, including fathers, the sex of children, and IVF and the other assisted reproductive techniques, and whether they need to be regulated. The hon. Lady is trying to deflect us from those real issues.

Mrs. Dorries: All those issues are important and will be debated, but the Clerks have taken a ruling that amendments to the Abortion Act 1967 can be tabled. I will table such amendments, as will many other hon. Members, so the discussion is valid.

Post-2003, the research shows that foetuses feel pain as early as 16 weeks. So hon. Members should think again before letting the Science and Technology Committee report inform their position. The report recommends—and hon. Members have said that they will table amendments to this effect—that only one doctor's signature should be required. One of the reasons why two doctors' signatures were thought necessary when the issue came before the House in 1990 was that abortion is not a tonsillectomy or an appendectomy but the ending of a life, and that is a grave and serious consideration. Therefore, it was felt that two doctors' signatures should be required, to reflect the gravity of the procedure. However, the report suggests that the requirement should be reduced to one signature.

Amendments may also be tabled to provide that nurses should be allowed to perform surgical and medical terminations—abortions—rather than doctors. That recommendation was made by the Royal College of Nursing, which did not consult its grass-roots membership on the issue. I am a former member of the RCN and I would have objected strongly to that. The BMA does not support that proposal, because its members have an interest in the abortion industry.

Making access to abortion easier should not be a priority. We do not want to see the numbers go up. What is it that we would be asking nurses to do? My American intern, Stephanie, telephoned a British Pregnancy Advisory Service clinic and said that she was 18 weeks pregnant and a student alone in the UK. She said that she had been to see a GP who had told her that she was 17 weeks pregnant and she needed a termination, and asked what she could do. She said that she did not want to have an anaesthetic or go into hospital. The clinic said, "No problem. Come along to the clinic, we will give you medication and you can go home and abort there." They told a student, who they thought would be on her own, with a pregnancy of 17 weeks gestation to go home and experience pain like she would never have known before, to bleed in a way that she would never have imagined possible, and then to abort her own baby and dispose of it. At that stage of gestation, the baby would be entirely recognisable. That is what is taking place today in the UK—and the amendments that I have described would make abortion even more easily accessible.

The BPAS, and the other providers carrying out abortions on behalf of the Government, do so for around £700 a time. There are some 200,000 abortions a year, and some people have a very serious interest in ensuring that we do not restrict the number of terminations, and even that they increase. I call that almost an abuse of women's rights. When a woman goes to a doctor to request an abortion, she is in crisis. Every woman who presents at a GP's surgery requesting an abortion should be counselled and told what the alternatives are. She has a right to know her options and the consequences of abortion, but that does not happen. I want amendments tabled to the Bill that would give a woman the right to know what abortion entails and what she would go through.

I hope that hon. Members, when they seek to inform themselves about abortion, will not go to the Science and Technology Committee report, the RCOG committee or the BMA, because too many people in those organisations have too great a financial vested interest in the industry.

7.44 pm

Nia Griffith (Llanelli) (Lab): I welcome the Government's commitment in the Gracious Speech to ensuring that all young people have the opportunity to continue their education up to the age of 18. That has been referred to, somewhat carelessly, as "raising the school-leaving age to 18", but as my right hon. Friend the Member for Oxford, East (Mr. Smith) so eloquently explained, it should not be seen in that way. That conjures up a negative image of young people reluctantly sitting at their desks and trying hard to do anything but listen to the teacher. That is a very mistaken image as the Bill is about ensuring that all young people have as wide a possible range of choices in combining opportunities for employment with continued training, through schemes such as apprenticeships, or to continue in full-time education on courses that provide them with up-to-date skills.

Since 1997, we have increased the number of apprenticeships from 75,000 to 250,000 in 2007. I very much welcome the Government's commitment to make more apprenticeships available to young people and adults. Time and again, constituents tell me how much they or people they know have benefited from an apprenticeship. An apprenticeship offers young people the opportunity to develop their skills in context and to work with people who have years of experience and can offer the best form of education—immediate, one-to-one feedback on what the apprentice is doing and suggestions on how to improve. It is often only when a young person is trying to do something in the workplace that they realise what skills and knowledge are necessary to make real progress. It is then that they are ready to go back to college one day a week to increase their knowledge and skills, and gain accreditation.

We need to start earlier. Some good work has already been done in providing an alternative style of education from 14 onwards for pupils who are clearly not benefiting from the current conventional curriculum. While GSCE results improve year on year and we must ensure that we do not close off opportunities for pupils, there are those who could benefit from much greater contact with the world of work from 14 and the development of skills that they perceive as relevant.

We have made huge strides forward in raising achievement in schools, improving GCSE results, increasing the number of pupils staying on in school until they are 18 and increasing the numbers in higher education. No one would have dreamt 30 years ago that nearly 50 per cent. of the age group would go on to higher education. In addition, large numbers of young people are successfully taking a range of courses up to the age of 18. However, we continue to have a small number of young people who, for whatever reason, drop out of the system and become so-called NEETs—not in education, employment or training.

The figures for NEETs are often exaggerated by counting individuals who are in transition from one activity to another. Nevertheless, we must ensure that we identify those who are genuine NEETs and re-engage them, so that they do not end up drifting aimlessly into deprivation and possibly being vulnerable to exploitation by criminal elements. That is why the Government proposals to improve tracking systems are vital. We have already seen improvements in tracking systems that mean that we have reduced the number of young people whose activity is not known from 13 per cent. in 2003 to 4.9 per cent. in 2006, but even 4 per cent. of our young people is too many. That is why I support our proposals to improve tracking systems and ensure that every young person has a choice of provision that enables them to progress and acquire the skills that they need for life and work.

A trial is being held of an extension of the education maintenance allowance, with more courses eligible. The planned rolling out of the EMA to a wider range of courses will undoubtedly help more young people stay on in education and training.

As we extend the apprenticeship scheme, we need to look carefully at the uptake of apprenticeships in different sectors by young men and women. I pay tribute to the work done by the YWCA's "More than one rung" campaign in highlighting that issue. Far too often, the uptake of apprenticeships is starkly polarised by gender. Although the increase in mechanisation and the use of technology means that there is much less dependence in many sectors on physical strength than in the past, we still see very few young women taking up apprenticeships in areas such as the electrical and automotive industries, construction and engineering. When I say "very few", I mean very, very few. They make up a mere 1 to 2 per cent. of the apprentices in these areas.

Why should that matter? It means that young women often miss out on opportunities that may lead to much better-paid jobs than those in the areas into which many young women are pigeonholed. The choice of training routes and apprenticeships has a significant impact on future earning capacity and the choices that young women make at present contribute significantly to the disparity in pay between men and women. We need to build into the legislation a duty on local authorities and key personnel to make sure that young women are genuinely encouraged to consider the full range of opportunities.

That we get this right also matters from the point of the view of the economy and our skills shortages. We could make much better use of women's potential to fill some of the gaps in our skills. Increased skills are vital to our economy; they are vital to the survival of individual companies and to all our citizens to enable them to adapt to the changing opportunities that they will encounter in the course of their working lives. Here I pay tribute to a company in my constituency, Schaeffler—it is commonly known to us as INA Bearings—which has upskilled its work force, making itself far more competitive. It is now in a position to take on apprentices again, and I very much welcome that.

I welcome the Government proposal that will guarantee that all young people up to the age of 18 continue to develop their knowledge and their skills.

7.51 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): It is a great privilege and pleasure to take part in this Queen's Speech debate—I am not sure whether I am using the right terminology—on health and education, which are the twin pillars of public services in this country and make such a contribution to our

society. They have something in common in terms of the pattern that has been in place since the Government came to power. In both cases, the Government have put in vast amounts of increased expenditure. In cash terms, I think that they have doubled expenditure on education and trebled the expenditure on health. However, productivity has fallen and the hopes of Ministers and not least the rest of the country and those who pay taxes have not truly been delivered.

We have not yet had a Secretary of State for Health or for Education in this Government who has been prepared to be as entirely honest with the House as they may be with others behind closed doors. Who could be more frustrated than the Ministers of this Government who have put in so many resources and seen so little in return? That is not to say to the Secretary of State for Health that there have not been improvements; of course, there have. There have been improvements in every decade since the second world war. That is certainly so of health and I hope also of education, but the improvements have been too little for the money spent.

If we consider issues such as social mobility and the aspirations of many Labour Members and Conservative Members—although Labour Members are often too grudging to accept that we share similar aspirations—it appears that, at a time of record levels of spending, we could have seen a real change in the opportunities for those with the least in this country and that we could have tackled the sustained levels of disadvantage that for too long have been a feature of this country. In many countries of western Europe and, indeed, across the world, those problems have been tackled more effectively than they appear to have been here. The Government deserve congratulation on being prepared to will the means and to will the funding, but they have not been able to deliver the policy framework that would have delivered the change that we all hope for. Social mobility has not improved.

I wish to touch on a comment made by the right hon. Member for Oxford, East (Mr. Smith) who, as I said in an intervention, was parroting the remarks of the Secretary of State for Children, Schools and Families that Conservative Members are somehow interested only in the few and not the many. I hope that any fair-minded member of the Labour party would accept that that is absolutely untrue. Because the issue is about willing the means as well as the ends, Labour Members must accept that the legislation going through the House over the past 10 years, when coupled with the funding, have not been enough to tackle disadvantage—be that health inequalities or inequalities of outcome in education. For Conservatives Members to take a differing view and to challenge the Government's record and new legislative programme is not a sign that we are uninterested in the outcomes that we all devoutly wish for. We challenge them because of a profound disagreement about how the outcomes could be delivered.

That neatly brings me to the subject of the diplomas over which there was a rather angry exchange because the Secretary of State for Children, Schools and Families entirely misrepresented, I think deliberately—

Michael Gove: Shamefully.

Mr. Stuart: And shamefully.

Mr. Deputy Speaker: Order. The hon. Gentleman has not remembered what Mr. Speaker ruled on these matters. The hon. Gentleman is treading into difficulty territory when he uses such terminology.

Mr. Stuart: I am grateful to you, Mr. Deputy Speaker, for correcting me on the language. I obviously need to study more to find out precisely what language one can use.

Mr. Deputy Speaker: Order. On pain of taking the hon. Gentleman's time, I point out for the benefit of the House as a whole that it is as well to follow the advice in "Erskine May" and to use moderate and temperate language at all times.

Mr. Stuart: I am grateful again, Mr. Deputy Speaker. I apologise for forcing you to come to your feet again. The word that I could use on behalf of my hon. Friend the Member for Surrey Heath (Michael Gove) is that he feels "traduced" by what the Secretary of State for Children, Schools and Families said. The position of Conservative Members is not that there should be excellence only for the few, but that we must not have a policy framework that destroys the opportunity for academic excellence in the name of creating vocational excellence. We wish to see differentiated paths for people to take, and we do not consider that the academic route is somehow superior to the vocational route. We need excellence in both and we need to support that.

A policy for diplomas that undermines the academic standard bearers of excellence—namely the A-levels—is not one that we can support. That is not because we are not committed to providing opportunity for people, but precisely for the opposite reasons. We know that those with most in this country will find a way round even the most foolish of Government policies to ensure that their children prosper. We want a system that allows those with least and with the least support to prosper. The Government's proposal for diplomas will fail to do that.

It ill behoves me in a debate about education not to ask the Government to look at the funding for local education authorities. The East Riding of Yorkshire is the fourth lowest-funded education authority in the country. It is a large geographical area, with high transport costs and pockets of deprivation. Therefore, it has a real need for a fairer funding system. My understanding from the Government is that there would be a fairer funding system. Because of the deprivation in the Hull constituency of the Secretary of State for Health, it would necessarily receive more money than the East Riding. However, having factored that in, we would not expect the gap between the two to widen over time. I hope that we can find a way of bridging the gap and ensuring that we have greater fairness in the system.

As I have mentioned, inequalities in health care outcomes have not been removed. Hull is a classic place to see the failure of Government policy in that respect. I hope that getting rid of health inequalities will be a high priority for this Secretary of State, not just in the rhetoric but in the delivery of policy and in outcomes.

In the context of spending on health, the Secretary of State will no doubt rehearse some numbers, and I

[Mr. Graham Stuart]

suppose that Members of the House necessarily tend to be a little selective in the figures that they use. However, the following numbers from Reform throw a harsh light on the performance of our health service given the money spent on it. The five-year survival rate for leukaemia in England is 28 per cent. compared with 39 per cent. in Germany. The survival rate for prostate cancer, of which my father unfortunately died a couple of years ago, is 44.3 per cent. in England, but it is 67 per cent. in Germany. The difference is significant. For breast cancer, the rate is 66 per cent. in England, but more than 80 per cent. in France and Sweden.

Dr. Gibson: Where are the figures from?

Mr. Stuart: From Reform. Estimates from a Government report suggest that 10,000 lives are lost each year because of the failure of the NHS to deliver the European average on outcomes for cancer care. Of course, that must be coupled with last year's 6,500 deaths from hospital-acquired infections. At a time of such record spending, those deaths are not something of which the Secretary of State or any Labour Member can be proud.

Mr. Stewart Jackson (Peterborough) (Con): Does my hon. Friend agree that after 15 years of economic growth and 10 years of this Government, it is a badge of shame for the Government that they have managed to embed welfare dependency, given that 5.4 million people in this country are economically inactive and we are in a position of having to recruit people from across Europe and the rest of the world to do jobs that should be done by many of those 5.4 million people?

Mr. Stuart: My hon. Friend makes an excellent point. One must couple that scandal with the waste of resources and the wasted hopes and opportunities of many clinically trained individuals in this country who have found that there are no jobs for them because of the fiasco in the training system. I hope that this Secretary of State—I have far more confidence in him than his predecessor—will be able to make a positive difference to that situation.

Like my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), I hope that the Secretary of State will take the opportunity at the beginning of this Session to restate the Government's commitment to reform in the NHS, rather than ducking down for safety. I am sure that the Secretary of State has read the Wanless update, so he will know that there is no safe place to be found by avoiding reform. If we do not tackle the failure to increase productivity and to improve health outcomes in this country, the NHS will be overwhelmed. If it is not transformed, it will be unlikely that political support can be sustained for the financial inputs that will be required.

The hon. Member for Norwich, North (Dr. Gibson) might be interested in the fact that the Wanless update said:

> "What is equally clear from this review is that we are not on course to deliver the sustainable and world class health care system, and ultimately the healthier nation, that we all desire."

Wanless wrote a report in 2002 as a main Government adviser, but he had to be asked by an outside body to look at the issue again.

The Secretary of State knows that I take a great interest in community hospitals in not only my constituency, but throughout the country. He has asked me twice in the House—with several months between each time—to recognise that a new hospital is being built in Beverley. He is clearly not being briefed properly by someone because I have news for him: no new hospital is being built in Beverley. It is at the bid stage and we are waiting for an early announcement. I met the Minister of State, Department of Health, the hon. Member for Exeter (Mr. Bradshaw), yesterday and I am pleased to hear that we will have an answer on the next round of funding soon. I am hopeful that the Secretary of State's view of what is happening will be the case in the future.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. Before I call the next speaker, may I say to the House that I will allow the next speaker 10 minutes under the rule that applies at the moment? However, to ensure maximum possible participation in the debate, after the next speaker has completed his remarks, a revised time limit on Back-Bench speeches of seven minutes will apply.

8.3 pm

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): I will try to speak for only seven minutes as well, Mr. Deputy Speaker.

I do not usually seek to catch your eye during an education debate, Mr. Deputy Speaker, which has perhaps endeared me in the past to colleagues who are in the Chamber today, even if that will not be the case this evening. However, I strongly support a proposal in the Queen's Speech that I believe is one of the most radical measures brought forward by the Government since 1997. I think that the extension of the participation age to 18 will be warmly welcomed in my constituency.

My constituents say to me, "Why can't these youngsters get a job?" It is sometimes difficult to find the answer to that. The economy has been buoyant—unemployment in my constituency is much less than half what it was in 1997—and many extra jobs have been created, so people wonder why youngsters are not getting jobs. The situation has crept up on us. It is perhaps in only the past year or two that many of us have become aware of the phenomenon, although we were focused on the issue by the statistics on immigration that were being thrown about between Front Benchers two weeks ago.

I firmly believe that people have the basic human right to move about. People have the basic human right to try to get the best employment that they can, wherever they can, although I recognise that there must be some regulation. A lot of these youngsters have not been able to find employment because employers in my Newcastle constituency who are looking for new labour find it far easier to take on someone from an east European country or, in some parts of the economy, an

irregular worker—one who is illegal and works in the black market. People want to get the best labour for their business.

Of course, employers should be prevented from using the irregular market, but in the regular market it is absolutely legal for an employer to take on a young Polish person. Such a person might be full of ambition and with a lot of previous training. That person might be taking a job that initially requires a skill level that is lower than the skills that they hold. They might also be disciplined, used to work, and with a work ethic. An employer in Newcastle will say that employing such a person will be an easier option. Although I am someone who believes firmly in people's right to migrate and to move around—I will defend that to the end, and nothing boils my blood more than people who try to make racist advantage out of immigration—that creates a problem for a lot of youngsters in my constituency.

When the economy was buoyant in the 1970s, employers had no option but to try to get people to aid their production processes, so they had to take on those they could get locally. It was not easy to tap into other groups of people, so employers would put in place the training that they thought was necessary to get the show on the road. However, that is no longer the case because there are other options. Although the economy in Newcastle is buoyant and more jobs have been created, we still have a problem with getting the indigenous—I do not like that word, but I cannot think of a better one—labour supply into the labour market. If we do not achieve that, a lot of tension will be created in our communities because some ambitious young people will say, "Why are we not getting a job when they are?" The answer will be that those young people will not have the necessary skills.

A number of young people come from families in which no one has worked for generations and there is no work ethic. They are co-existing in society because, in a sense, their welfare benefits are being financed by the growth of the economy that is partly created by the migrant community, so the situation thus has a beneficial aspect for them. As we raise the participation level, we need to drag those youngsters into the labour market so that we give them an opportunity.

I am not quite sure about the legislative status of some of the proposals, but I am told that the Government have a scheme—I think that my hon. Friend the Member for Barnsley, Central (Mr. Illsley) referred to this—whereby youngsters from poor families can get a bit of extra tuition in basic arithmetic and English at school. I know that my right hon. Friend the Secretary of State for Health, who is sitting on the Front Bench, was a strong supporter of that scheme in a previous life, and I hope that the whole House recognises that that radical proposal is an excellent idea. We all know that if middle-class parents have a little bit of extra cash and think that it can help their kids, they will get a bit of extra private tuition. Poorer families do not have that option, which is why the proposal is radical.

When I visited my local Tyne and Wear fire brigade last Friday, I saw that it had a scheme whereby it offered a course for youngsters—young girls in this case—who found discipline and school difficult and had no ambition. This Pheonix project brings youngsters into the fire station, and they do all the things that firefighters do for a week or so. I was extremely impressed. I said to the girls, "The bosses are telling me that this is a great scheme run by Tyne and Wear. They say that you came here last Monday with no intention of co-operating, and now—by Friday—you want to be firefighters when you leave school. Is that true?" All of them said that they enjoyed the scheme and it improved their motivation, and about five of the seven said that they wanted to be firefighters. That is the sort of innovative scheme that should be taken up by the Department as it works on proposals to increase participation.

I should have liked to say more, but I shall stick to my seven minutes. I shall certainly vote against the Opposition amendment, which does not give the Government due credit for a radical scheme which I believe can benefit many people in my constituency who would otherwise lose out badly.

8.10 pm

Annette Brooke (Mid-Dorset and North Poole) (LD): I am pleased to be able to speak in this debate on health and education because I wish to raise specific issues relating to access to health services that are clearly pertinent to the proposed children and young persons Bill.

The first issue is the provision of therapeutic services for all abused children, including children in care. I have tabled amendments to a series of Bills to achieve that provision, starting with the Bill that became the Sexual Offences Act 2003—sadly, unsuccessfully in all cases. I believe that such provision must be made for looked-after children if we are to make a real difference. As an ambassador for the National Society for the Prevention of Cruelty to Children, I agree with the call for comprehensive post-abuse therapeutic provision for children in care, children in custody, children in refuges and children exhibiting sexually harmful behaviour.

Child abuse remains an unacceptably large problem in the UK. A study undertaken by the NSPCC in 2000 showed that 16 per cent. of children had experienced some form of sexual abuse, which may well have been by a parent or other relative. Other forms of abuse—physical and emotional, or neglect—can also have a traumatic impact on children. In 2006, the Department for Education and Skills said that of 60,000 children in care, 63 per cent. were in care because they had experienced some form of abuse or neglect. Of course, in reality the problems are likely to be much more widespread, because of unreported instances or reporting taking place many years after the abuse occurred.

The long-term consequences of child sexual abuse include anxiety and depression, anger and guilt, difficulties functioning at school, poor self-image, and difficulties with personal relationships and parenting. Adults being treated for mental health problems often identify childhood abuse as an influence. Research shows that 25 to 40 per cent. of all alleged sexual abuse involves young perpetrators. The majority of those children and young people have been or are being sexually, physically or emotionally abused themselves.

[Annette Brooke]

Therapy at an early stage could therefore help to reduce the scale of the problems over time by breaking the cycle.

Therapy can transform children's lives, but provision is inadequate and patchy across the country. Resources to provide a comprehensive service will be a problem, but I want at least a commitment to a strategy to make such services fully available in time. Camila Batmanghelidjh, the founder of Kids Company, has recently pointed out that the amount of money spent on locking up young people, and the generation of more crime with consequent high reoffending rates, could be reduced dramatically if comprehensive therapeutic services were more widely available. The average cost per child of therapeutic counselling is £5,000; the cost of holding a young offender in custody for a year is £30,000 to £40,000. Surely it makes sense to invest in preventive action such as therapy.

A related issue is funding for residential family therapy and family assessments. In an Adjournment debate earlier this year, my hon. Friend the Member for Richmond Park (Susan Kramer) raised the case of the Cassel residential treatment centre, which is the only NHS residential hospital for families in the UK. Its services comprise psychotherapy for the parent and child, as well as specialist nursing input. Families are referred when concerns are raised about a child's welfare. Most referrals arise from a child being the subject of care proceedings, which are, in turn, legally enforced by section 38(6) of the Children Act 1989.

After a 2005 legal case involving Kent county council, which centred on a dispute over whether the council had a legal obligation to fund the treatment of a child at the centre, there are concerns that there is a legal requirement only to fund assessments rather than treatment. It now appears that instead of an attempt being made to treat the family and enable them to overcome problems and become successful, children are simply being removed from the home and put into foster care or adopted. Surely it would be cost-effective to provide preventive services to support families. We must do our best.

Mr. Burrowes: I commend the hon. Lady for highlighting the lack of residential therapeutic places. Is not the same true of drug and alcohol treatment services, where the provision of residential care is minimal, especially for adolescents? There is only one such statutory service in the whole country—Middlegate Lodge—and family services depend wholly on the voluntary sector, which does a fine job but gets limited support from the Government.

Annette Brooke: The hon. Gentleman makes some very relevant points, and if time permitted I would pursue that line of debate.

It is important we get clarification of the judgment in the case involving Kent county council from the Department of Health as soon as possible. It would be wrong to allow family assessments to end.

Children's services have been further affected by a more recent change affecting access to legal aid. Part contributions from the legal aid budget can no longer be put toward residential assessments for families. It has been argued that the new arrangement will ensure that the limited legal aid budget is spent on the legal aid needs of priority clients, rather than diverted into therapeutic services that should be paid for by other public bodies. Where is the joined-up working and thinking? I can see the legal aid argument, but surely money must be provided for residential assessments for families. It has to be cost-effective in the long run to keep a family together, where that is possible and practical.

The forthcoming children and young persons Bill must require joined-up working of services and a culture of "Every Child Matters" and its five outcomes to be embedded within all professions and workers involved with vulnerable young people. Preventive action that should be taken automatically now will save money and heartbreak in the long run.

A constituency case is pertinent to this debate. Living in my constituency are the parents of a young man who has been in prison for 15 years; there is no indication of when he might be released. When he was 14, he committed a minor sexual offence and was, I think, just given a caution. His parents tried to access treatment for him, but he received none. He went on, at the age of 19, to commit an extremely serious offence, which is why he is now in prison with such a sentence hanging over him. I recently visited the local youth offending team and, without any prompting from me, the team identified one of its current problems, which is that when young people are given a caution for sexual offences, the team finds it extremely difficult to get those young people into programmes to tackle their sexual offending. Before my eyes, history was repeating itself.

We need joined-up thinking. The new Department for Children, Schools and Families covers not only schools and children, but young people's health issues and youth justice. All those areas must be brought together when considering the need for therapeutic treatment.

8.19 pm

Mr. David Chaytor (Bury, North) (Lab): I shall speak against the amendment. Earlier, the shadow Secretary of State referred to statistics that have been artificially depressed. I cannot speak for the statistics, but I feel pretty depressed after listening to an hour and a half of Opposition Front Benchers' interminable whingeing about the state of the national health service. Their criticisms bear no relation to my experience of the NHS over the past few years, or that of my family and the vast majority of my constituents. It was significant that the Opposition's criticism was that the Government had not closed health inequalities and improved the quality of health care quickly enough, but there was not a single proposal from either of the main Opposition parties that would have increased the pace of change, and that is extremely significant.

I welcome the references in the Queen's Speech to new legislation on health and education. On health, I want briefly to reinforce the point that I raised at Health questions this afternoon, and I hope that my right hon. Friend the Secretary of State for Health will take it on board. He will know the complications of the reorganisation of maternity services in Greater

Manchester, and the crucial importance of careful implementation of the new arrangements. I hope that he, his junior Ministers and officials in his Department will work carefully and closely with NHS North West to ensure that the new arrangements are put in place at no jeopardy to the 2,500 women who give birth at my local hospital each year.

On education, it is indisputable that for the overwhelming majority of young people in our schools, colleges and universities, the range and quality of experience has increased year on year over the past 10 years, but I want to draw attention to one or two particular points. The most remarkable commitment in the Government's education policy is the commitment essentially to rebuild the whole secondary school estate through the building schools for the future programme over 10 to 15 years. However, I am concerned about some of the underlying assumptions. I am particularly concerned about the assumptions made—or not made, as the case may be—about the number of children entering our secondary schools in the next few years.

Dr. Pugh: Will the hon. Gentleman give way?

Mr. Chaytor: I am afraid that I will not, because I do not think it is fair to my colleagues.

I tabled a question at the end of the previous Session, asking the Department to list the estimated number of year 7 pupils in full-time education in the next 10 years, and I was astonished to discover that the answer was not available; there are figures only for the next three years. There is general agreement among local authorities that the reality of the demographics will hit secondary schools in the next decade. I find it astonishing that the Department for Children, Schools and Families does not have readily available figures, or is not prepared to release them. I urge the Secretary of State to look again at the issue, because it relates to my next point about the growth of the academies programme.

I support the principle of academies, although their earlier design left something to be desired. I am delighted that the new Secretary of State has made important changes, abolishing the requirement to provide £2 million of private sponsorship and encouraging universities to get more involved in academies. All things being equal, if a school in my constituency wished to be an academy, I would give it my support. However, there is one issue that the Government need to consider carefully: their encouragement, if not their requirement, for all new academies to have their own sixth form. I link that to my point about demographics and falling rolls, because if we go ahead with a massive expansion of the academies programme, and we do not have reasonably reliable information about the number of pupils entering secondary school in the next 10 years, we will build a whole set of new academies—I think that the figure is 400—each with its own sixth form, few of which will be able to attract the right number of pupils for a viable sixth form. By the middle of the next decade, we will find that we are starting a programme of closure and rationalisation of sixth forms, and possibly even of academies. I ask the Government to consider that point carefully.

On the question of 14-to-19 diplomas, I do not understand why the issue is polarised between those who want the diploma to be the prime vehicle, and those who want the A-level and the GCSE as the prime vehicles. Sir Mike Tomlinson's original report was clear in its recommendation that A-levels and GCSEs be self-contained qualifications within the diploma. That is absolutely the right way forward, and as the Government have now announced new diplomas in arts, languages and sciences, I urge them to ensure that individual A-level and GCSE subjects can be fully integrated in those new diplomas. I am sure that that would meet some of the Opposition's concerns.

Finally, I reinforce the point made by my Friend the Member for Huddersfield (Mr. Sheerman) on academic selection. I agree with him entirely that although our Ministers have made important speeches this year, the most important speech of the year was made by the former shadow Secretary of State for Education and Skills, the hon. Member for Havant (Mr. Willetts), to the CBI on 16 May. Let me put what he said on the record:

> "We must break free from the belief that academic selection is any longer the way to transform the life chances of bright poor kids. This is a widespread belief but we just have to recognise that there is overwhelming evidence that such academic selection entrenches advantage, it does not spread it."

We know that all Members of this House are increasingly concerned about social mobility; I believe that social mobility is related to admissions policies in secondary schools. The hon. Member for Havant believes that, and I think that the Government do, too. The issue is a major priority for all three parties. We really cannot put the matter off any longer; we have to take decisions about the future of academic selection.

8.26 pm

Sammy Wilson (East Antrim) (DUP): I am pleased to take part in this debate. I say that with some caution, because I know that some of my hon. Friends on the Conservative Benches wonder why, now that education and health matters are devolved to Northern Ireland, I wish to take part in a debate on education and health in this Chamber. It is a great pity that some of my hon. Friends take the view that there should be two tiers of membership in this House, and that on some issues people who have been elected should be excluded from debates or from votes. As a Unionist, I believe that as a citizen of the United Kingdom who has been elected to the Parliament of the United Kingdom, I have the right to take part in these debates, and I am happy to take part today.

No one could quibble with the objectives set out by the Secretary of State for Children, Schools and Families—increasing skills in the economy, increasing employability, and turning the least academically able section of our population away from a life on benefits. However, I have concerns about the method, and the vehicle, that is to be used.

My first concern is about raising the age for full-time education. I notice that we are moving from talking about the school leaving age, and instead talk about the age for full-time education. Nevertheless, as the Secretary of State made clear in an intervention, there will be an element of compulsory attendance at an educational establishment. Whether that is on a full-time basis, for 16 hours a week, or—for those who are in employment—one day a week over the year, there will be an element of compulsion. As someone

[Sammy Wilson]

who spent all his life teaching before coming to the House, and having taught in a grammar school for a long time, may I tell those Members who rubbished academic selection and grammar schools that social mobility in Northern Ireland is far ahead of social mobility in this part of the United Kingdom? More people from working-class backgrounds go into higher education than elsewhere. We have already passed the 50 per cent. figure, which is partly due to the fact that we retained the grammar school system.

I had the opportunity to teach in further education, and one of my early memories is of teaching people who were compelled to go to a further education college one day a week. I had the joy of teaching first-year plumbers on a Friday morning for a couple of hours. Many of them were happy to learn their trade and acquire plumbing skills, but it was a nightmare for them to return to the educational setting—it was a nightmare for those of us who had to teach them, too—which created all kinds of problems. The Secretary of State must not underestimate the fact that even if it is only on a part-time basis, compulsory educational attendance will cause problems for teachers, and will have a detrimental impact.

The Secretary of State described four main building blocks for trying to attract young people who are not in full-time education including, first, new qualifications. Looking at the range of qualifications, from NVQs and GNVQs to GCSEs, vocational GCSEs, A-levels, basic numeracy and literacy, one can see that there is no shortage either of qualifications or of variety, so that is not what is preventing young people from participating in education. I am not sure that new diplomas will make things any different for those hard-to-attract young people. Allowances are an extension of the Government's proposals, but the education maintenance allowance is already available, probably to the very people whom the Government seek to attract to full-time training and education. I do not think that there is anything new that will change the situation.

The same is true of the proposals on educational guidance. Most further education colleges, the careers service and jobcentres already provide a full range of guidance to youngsters, yet there is still a hard core of people who are not attracted to education. The final building block are the new apprenticeships, but we already offer a range of opportunities, whether through involvement in community-based schemes, industry-based schemes or training, so young people are doing hard work. The Government have tried to play down the compulsory element, but I am not sure that the proposals will increase the attractiveness of training for that hard-to-reach group of young people, which is why I support the amendment. If we are to raise expectation, there is no point trying to do so once people are totally turned off education, because they do not even have the skills to read or write. They are turned off by the indiscipline in schools, so if resources are to be directed at them, that should be done before the lights are switched off, rather than trying to raise their expectations once they have left school without qualifications. That is the emphasis of the amendment—its sentiments were shared by a number of Government Members, who warned that we must reach those young people at an early stage—and that is why I have taken part in the debate, and am happy to take part in the vote.

8.33 pm

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): I am pleased to talk about education and health in our debate on the Gracious Speech. It seems to me—and, I am sure, to many other hon. Members—that it is a major step forward to ensure that we do all that we can to educate children about health. The Government have responded well to the challenges that we face in those areas. At the brand new Cardinal Hume Catholic school in Gateshead in my constituency, it is a joy to see teachers and pupils excited about their new learning environment and the facilities that are on offer to them. Oxclose school in Washington has been fully refurbished using money made available through the building schools for the future programme, and it is a lesson to all of us that we do not always have to knock something down and start again to make it better.

I want to talk about two issues that can be clearly linked across health and education. The Government rightly note the need to tackle obesity, promote skills and change lifestyles. My constituency suffers from health inequalities, which must be reversed. Obesity rates, smoking rates, cancer rates and deaths from heart disease are all higher than average. Despite that, I remind hon. Members that it remains one of the most scenic and friendly places in which one could hope to live.

To help reverse these health inequalities, I know how important it is that we go further still in delivering good quality school food. We hear tales of mums passing pizzas through the school gates, chip shops making record lunchtime profits, and some children causing a mess and a nuisance out on the streets. The solution that I propose is straightforward and simple: free, universal, locally sourced, hot school lunches, given to all pupils under the age of 16, coupled with a policy whereby pupils are not allowed off the school site at lunchtime—a lunchtime lock-in, so to speak.

If the scheme is to work properly, packed lunches should be discouraged. A large number of parents send their children to school with a packed lunch, but unfortunately most lunch boxes are far from healthy. What parent would go to the hassle and cost of providing a packed lunch, healthy or otherwise, if they could have a free, healthy, hot school meal for their child? Sourcing food locally would not only cut food miles, but play a role in supporting the local economy. In addition, universal free school meals would remove any stigma that is often attached to claiming free school meals, usually because children would rather be with their friends having a packed lunch or out at the chippie.

Some 250,000 children who are entitled to free school meals do not get them because they do not claim them. In my constituency hundreds of children lose out every day, despite the best efforts of my local councils to increase take-up. A universal free school meals policy has been working in Sweden, Finland and Honduras, delivering significant results. Closer to home, there are pilots in Scotland and north Tyneside.

These pilots are possible in England because of the Education and Inspections Act 2006, which removed any statutory obligation on schools to charge for meals, so let us make the most of that change. Surely that is why it was made.

That would, of course, have a cost implication, but the long-term benefits of boosting educational attainment, fighting child poverty and tackling health inequalities must begin to outweigh the cost. Estimates of the cost vary, and I have heard a figure of £2 billion. However, the House of Commons Library, which is highly respected and a credible source, has put the cost between £900 million and £1.1 billion. That includes the cost of providing more meals and restructuring current catering contracts, but savings would be made through economies of scale. That sum is not peanuts, but it is still only about 0.2 per cent. of Government spending. It is worth noting that the cost of obesity is conservatively estimated to be about £3.5 billion a year, and we know the old adage about a stitch in time. I am sure that that provides us with some food for thought, and I hope the Minister digests it well.

The second issue that I wish to raise in the time allowed is closely related to education. I urge Ministers to train a dyslexia specialist in every school, who in turn will train all teachers to recognise the signs of dyslexia. I also propose that during their training all teachers are taught a compulsory special educational needs module, rather than SEN as an optional extra, as at present. As a parent with a severely dyslexic son, I know only too well the pressure and frustration faced by many other parents in the same situation. My son was eventually statemented, and with that comes not only the recognition that he needs extra help, but the extra funding to pay for it. We can give all dyslexic children across the country—even those without statements—the help that they need and save money at the same time.

Dyslexia affects one in 10 people. That means there are around 1 million dyslexic children in our schools. They need extra help and support. All our brains work in different ways and we need to ensure that pupils with special educational needs are given special teaching, with teachers who are qualified and able to meet their needs. It has taken 10 years of government and we have come an awful long way. We could not have done it without listening to people and stakeholders. We must listen to the parents of dyslexic children.

A recent survey of such parents carried out by the charity Xtraordinary People and the British Dyslexia Association says that nine out of 10 parents think the support that their children are receiving is ineffective, and seven out of 10 believe their children are being given support by staff who have no specialist training in dyslexia. I welcome the one-on-one tuition that is being given to children who are falling behind in school, but for dyslexic pupils what makes the biggest difference is the opportunity to spend time with a specially trained teacher.

I shall give one quick example. Ben, a 12-year-old dyslexic pupil, had spent six years being helped by a learning support assistant, at a cost of £27,000, and he had shown little, if any, improvement. I know this example to be true because it is exactly the same as my son Joseph's. After only 20 hours working with a dyslexia specialist, Ben's reading and spelling age rose by two years—all that at a cost of only £600.

I am proud to say that the Government are delivering nearly £1 billion in funding for personalised learning, but we must ensure that it is spent wisely and not wasted. I hope that the Minister will give sincere consideration to the points that I have made.

8.40 pm

Dr. Richard Taylor (Wyre Forest) (Ind): Quality of care and safety are at the heart of the Health and Social Care Bill, and I shall spend my precious few minutes talking about quality of care. I am not whingeing or scoring political points; I shall just give the House some examples of the truly awful quality of care that is brought to my notice. I shall then consider some of the measures in the Bill to address the problem.

My first example involves a patient known to have terminal cancer. After treatment at a local cancer centre, with which he was very satisfied, he had to be admitted to another hospital for the investigation of an unexplained fever. The admission process took a long time. Staff were busy and there was no sympathy for his family. Eventually, he was admitted, but no information was given to him or his family. When they went to visit him the next day, he said, "Get me out of here; they do not know what they are doing." The family were told that no doctor was available to talk to them, although at times doctors and nurses were laughing and joking at the nurses' station.

On one occasion, the patient's family were told that he was not in the ward where he in fact was, and they feared that he might have died. When they found him, he was obviously dehydrated and had not been washed. He said, pitifully, "I don't feel safe in this hospital. They are leaving me to die." Eventually, the family saw a junior doctor who knew nothing about the patient, so they took the patient home.

I have to declare an interest in respect of my second example. My wife's elderly aunt—a fit 90-year-old, except for her bad case of cancer—has completed her radiotherapy. She had a check-up on 9 October; she was supposed to have had a scan. Her journey was wasted, as the scan had not been done. It was done on 6 November. Today, she went for the result, only to be told that it was not available as it had to be reviewed at a weekly meeting, which had not been held. How is that patient-centred care—care organised around the patient? It is not; it is care for the convenience of the staff.

I have received letters from people appalled by their treatment in hospital. They mention delays in responding to calls, alarms being ignored, wet beds not being changed, staff sitting around talking and joking, and days without fluids—"If you can't eat, you don't get anything."

I am speaking out about that sort of thing on the basis of local complaints, but it is a national issue. Compulsory reading for everybody—Department of Health Ministers, Members, administrators, NHS staff—is an article in the *British Medical Journal* this week. It is a personal view, written by a psychiatrist and headed, "So, you want to know what's wrong with the NHS?" It is about the care of the psychiatrist's mother

[Dr. Richard Taylor]

during the course of her schizophrenia, which merged into Alzheimer's disease. He paints a vivid picture of uncaring, incompetent senior health care staff, the difficulty of complaining, the lack of continuity of care and the migration of an elderly woman across five wards in 14 days. I shall give two quotes:

"Those who cannot do their jobs, who cannot elicit histories or examine the sick, are curiously diligent when it comes to applying the rules under which complaints can be made against them."

Here is the other:

"It doesn't matter what you do because the "carers" do not care. It does not matter what you say, because they do not listen."

Dr. Gibson: Are those anecdotes or do they involve real figures?

Dr. Taylor: I thank the hon. Gentleman for that point; it allows me to say that these are not anecdotes but actual occasions of which I am personally aware.

How does the Bill propose to tackle what are, I hope, pockets of appalling care? We are to have a single inspectorate—the care quality commission—instead of the three existing bodies. Is that an economising move? Will it have enough resources? The timing seems pretty poor. The Healthcare Commission is just getting to grips with having annual health checks instead of star ratings and surely needs time to refine that process. Is self-certification of compliance with standards a reliable system? The bodies are to be merged in March 2009—what will be the effect in the meantime? The Healthcare Commission has picked up 19 weak hospitals on quality of care, and it needs time to follow that up.

I am worried by the reform of the complaints process, particularly the loss of the second stage. The Healthcare Commission seems to be escaping from that process because it is insufficiently resourced to cope with the huge number of complaints that it receives. I do not understand why the Department of Health paper, "The future regulation of health and adult social care in England", states:

"We do not believe the investigation of complaints from individual patients or users of services sits easily with the functions of a regulatory body."

Why ever not? One of the best ways of assessing what is happening with an organisation's performance is to examine complaints and the responses to them. When we lose referral to the Healthcare Commission, we lose the automatic inclusion of an independent opinion, which is absolutely necessary in clinical cases.

There is a stress on the use of PALS—patient advice and liaison services. Those are not independent and have been widespread casualties of the financial deficits and actions taken to balance the books. I would like to know whether most trusts are like mine, which, when I last inquired, had precisely one PALS officer for three hospitals. The Independent Complaints Advocacy Service is extremely helpful, but we still depend on the trust that is being complained about calling in independent advisers of its own choosing. The paper, "Making experiences count: a new approach to responding to complaints", mentions the use of independent mediators and specialist advocates, including:

"People independent of the service provider, the commissioning organisation and even the locality, who could be called on to conduct an investigation where complaints cannot be resolved satisfactorily and/or there are complex issues involved."

An independent review is absolutely crucial before the case has to go to the ombudsman.

My main concern is whether a merged inspectorate can really cope with the vital issues of improving quality of care in failing hospitals. Is the complaints process being watered down to the disadvantage of the complainant?

8.48 pm

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I thank and pay tribute to my hon. Friend the Member for Gateshead, East and Washington, West (Mrs. Hodgson) for raising the issue of free school meals. We saw an excellent system operating in Sweden, and I too urge the Government to take note of what is being delivered there and to think about setting up pilots here.

I congratulate the Government on setting up the Department for Innovation, Universities and Skills—evidence, if it were needed, of their looking to the future needs of the economy and putting our universities at the centre of the agenda, not only to foster innovation but to deliver skills that are needed for the future. I strongly support the measures in the Gracious Speech to support skills development, and I suppose that I am therefore speaking against the amendment.

It is vital that we continue to upskill our population so that we can compete in the global economy, not at the bottom end of the market but at the top. The importance of concentrating on higher-level skills is demonstrated by even a quick glance at future skills requirements. As our Prime Minister has pointed out, we have 6 million unskilled workers today, but by 2020 we shall need only half a million such workers. The rising demand for skilled employees is the reason why we have to ensure that our young people leave school with skills and qualifications, and why we have to upskill our work force.

In passing, I applaud the Government for their bold step of wishing to guarantee training or education for every young person up to the age of 18. It is important that we do not allow the Opposition, or sloppy journalism, to package the change as simply raising to 18 the age below which staying on school is compulsory. The policy is one of providing training, which will be made available in a range of settings to meet the needs and aspirations of the young person concerned. Of course, we have to pay attention to the quality of that training and ensure that it is implemented properly in a way that does not further alienate the young person. Lord Leitch set the agenda and outlined the rationale for improving skills to meet the needs of the individual as well as those of the economy. He showed that better skills lead to better-paid jobs and improved social mobility. It is therefore important that we consider the development of individuals and communities as well.

I say to the hon. Member for East Antrim (Sammy Wilson) that the Government are not ducking the huge cultural change that needs to take place to ensure that education and qualifications are valued in all sections

of our society. We know that that is a difficult task, and the Government are leading the discussions that say that there is no quick fix to the problem. It requires long-term investment and gradual change, including working with parents, young people, the wider community and employers to instil respect for education in all sectors of our society. Some of the measures being introduced, such as diplomas, apprenticeships and work-based training, will help to do that.

Despite the huge challenges that undoubtedly exist, the Government have set their sights high. There is a commitment to become a world leader in skills by 2020, benchmarked against the upper quartile of the Organisation for Economic Co-operation and Development, which will mean 95 per cent. of adults achieving functional literacy and numeracy, and a shift in the balance of intermediate skills from level 2 to level 3. It will also mean, as many other hon. Members have said, boosting the number of apprenticeships to 500,000.

In many constituencies such as mine, where there has been a tradition of heavy industry, the increased emphasis on apprenticeships and vocational-based subjects is very much welcome, as is the opportunity to move from an apprenticeship to an advanced apprenticeship, and then on to degree level. Such progression routes are extremely important if we are to deliver world-class training. "Train to gain" and learner accounts will, we hope, encourage employers and adult learners to improve their skills as well. The commission for employment and skills is also to be welcomed, not least because it will advise on necessary skills and give employers an important voice.

Clearly, further education has an important role to play, but we must also look at what our higher education institutions are doing. There are some who think that universities should not be dragged into the murky world of skills for employment and should concentrate on education for its own sake. In reality they can, and do, do both. That will be increasingly important as we move towards the 50 per cent. target. It is important that we use our universities to develop in as many young people as possible the ideas, creativity and innovation needed if we are to compete successfully in a global market. Science is essential, but high-level skills in a range of sectors, including creative industries, art and design, are also important.

The Government are raising their expectations of universities but they are also continuing to improve investment in them. The DIUS budget following the comprehensive spending review will rise 2.2 per cent. above inflation. I am stressing that point because the increased investment in universities is not always recognised by people who work within the sector, and sometimes not by those outside it. Additional money has certainly been given to universities so that they can reach out to the wider community and support knowledge transfer, so that constituencies such as mine can be ahead of the game in developing a knowledge-based economy for the future.

8.55 pm

Mr. David Burrowes (Enfield, Southgate) (Con): I commend the amendment, and in particular the reference to

"the absence of measures to improve public health".

In his response to the Gracious Speech, the Prime Minister made only passing reference to public health and even less to concerns about drugs. He referred to those in the context of law and order, but we all know that they are an issue in health and education, and therefore appropriate for debate today. They are also relevant to alcohol and the concerns about the lack of appropriate measures to tackle the level of alcohol misuse. The Alcohol Health Alliance has properly raised concerns about the number of children admitted to hospital every day.

The concern about alcohol is that it is the poor relation when it comes to treatment, but the concern about drugs is that the Government have woefully failed. Public money has poured in, with more than £100 million primarily focused on getting people into treatment. What is that treatment? Primarily, 85,000 people per year—maybe more—are prescribed methadone, but only 350 or so addicts move to recovery. Treatment is not only about medication or the cul-de-sac of prescription drugs, whose use has been described as a medically managed half-life. Surely we could do so much more, and encourage people into residential treatment rather than, as the Government term it, "exit from treatment".

Residential rehabilitation is an exit from dependence that the Government should take seriously. Rather than having a drug strategy that is about harm reduction and ticking a box to say, "You're managed, you're safe, you're okay," we should be more optimistic. We should do so much better and give people the option of rehabilitation to realise their full potential. We should deal with the human lives that are not just defined by a tick-box, and which should be released from the slavery of addiction to alcohol and drugs. More needs to be done.

I want to address most of my remarks, however, to something that is in the Queen's Speech: the Human Fertilisation and Embryology Bill. I was pleased to be a member of the Joint Committee on the draft Human Tissue and Embryos Bill, although it had insufficient time for scrutiny and a limited remit. The Government have pinned their colours to the embryonic research mast through their pledge that the new Bill will

"reform the regulation of human embryology and ensure that Britain remains at the forefront of medical research."

The key question is whether the Government's desire is to be at the forefront of medical research or embryonic research. A primary concern is the proposal to permit research into inter-species embryos. Although the presumption in the Bill is the Warnock position, which permits research on human embryos and therefore their destruction, it is important to record the acute concern about the extension and expansion of such research. In its leader on 26 April, *The Times* rightly stated:

"Unfashionable as it may be to say so, destroying an embryo extinguishes the possibility of a life."

To balance that, I would say that the science editor of *The Times* was not right in the evidence that he gave to our Committee. He said that

"there is... indifference and perhaps a lack of really strongly held views"

on the subject of inter-species embryos.

[Mr. David Burrowes]

We should not underestimate the level of concern among the public. Let me make it clear that the destruction of an embryo after it has been subjected to experimentation and used to create a fusion of human and animal cells matters deeply. The ethical implications, as I am sure we are aware, are immense, not least because that involves tampering with the fundamental essence of human life. Its implications will have an impact beyond these shores, with the scientific world watching, as it did with the Human Fertilisation and Embryology Act 1990, to see how high we will jump or—in my view—how far we will sink.

In many places, the Bill will permit things that are banned in countries such as France, Germany, the Netherlands, Belgium and Canada. It is not surprising that the UK lags behind when it comes to ethical principles. The chief medical officer, Sir Liam Donaldson, gave evidence to the Committee and said:

"We have had, generally, in this country a deficit in medical ethics".

In the absence of a clear moral compass, it is inevitable that research seems to cross more ethical boundaries in the name of progress, and wanting to be at the forefront of it. At the very least, the moderate recommendation of the Joint Committee for a bioethical Committee of both Houses should be followed up.

The aim of the Human Fertilisation and Embryology Bill is, we presume, to promote useful research, but the evidence supporting the potential for useful research using embryos or, where there is a shortage of those, inter-species embryos, is limited. Evidence from scientists suggests that there is no chance of embryonic research delivering positive therapeutic outcomes for a long time. The goalposts have been widened since the wild hopes in 1990. It is important that we should pursue alternatives that are not fraught with the ethical controversies surrounding inter-species embryos. Umbilical cord blood is one possibility, as is using adult stem cells, which have already provided more than 70 treatments. I have a ten-minute Bill about how to put in place greater provision for retaining cord blood, so that we can research that possibility further. Why are we speculating in an ethically precarious future? Surely we should be investing in ethical research. Surely we should have a Bill that is at the forefront not just of research, but of ethical research.

The Bill goes further than that, however. It deals with the wider issue of fatherhood and seeks to define the legal parentage of children in a new way. Although there is an increasing cross-party recognition of the importance of the role of fatherhood in social and emotional well-being, the concern with the Bill is that parenthood will move from a biological relationship to a legal responsibility. As a fellow member of the Committee, Baroness Deech, said on 8 November, the concern is that fatherhood is being downplayed in fertility treatment, with men being reduced to nothing more than a "genetic contributor".

The Government's stance on judicial policy is contradictory, on the one hand encouraging fathers to be part of the birth certificate process, but on the other seeking to remove the need to take account of the father when considering fertility treatment. Doing so has an important symbolic value. We should not sanction fatherlessness; indeed, we should not go further, as the Bill seeks to do, and sanction state deception. In the words of a donor-conceived person:

"I was angry at the idea that where donor conception is concerned, everyone focuses on the 'parents', the adults who can make choices about their own lives. The recipient gets sympathy for wanting to have a child...It's hypocritical of parents and medical professionals to assume that biological roots won't matter to the 'products'".

We should challenge that and say that they are not "products"—regardless of whether they are children or unborn children.

9.2 pm

Mr. Virendra Sharma (Ealing, Southall) (Lab): I am grateful for the opportunity to speak in this important debate. I will confine my remarks to the proposed education and skills Bill and the health and social care Bill. In the context of social mobility, I should also like to put on record my total support for the Crossrail project that the Government announced in October, with a financial package of £16 billion in place.

In the spirit of the theme of the Gracious Speech about supporting all children and young people, not just some, in their efforts to gain the necessary education and skills, I warmly welcome the education and skills Bill, which will raise the minimum age at which young people can leave education and training to 18. Combined with new specialist diplomas and an expansion in the number of apprenticeships, that will provide an improved participation rate beyond the age of 16, which is vital for my constituents individually and for business and society, as well as for the long-term sustainability of the UK economy in the ferociously competitive world economy.

The renewed commitment to reducing the number of young people not in education, employment or training will be of great benefit to some of my constituents. It must be achieved by paying close attention to the supply side and by delivering a range of vocational options in which young people will voluntarily seek to engage. The compulsory element is important, but really engaging the young people most alienated from the education and training system will require an effort to produce imaginative solutions. For that reason, I also welcome the draft apprenticeship reform Bill as a vehicle for producing those solutions.

In conclusion, I should like to make a few comments about the Government's commitment to a health care system organised around the needs of the patient. I congratulate Ealing hospital in my constituency on recently gaining foundation trust status. I had a very productive meeting only this morning with the chair and chief executive of the hospital, at which we discussed how the new foundation status would help to make the hospital more flexible and responsive to local people and local health needs.

I also ask the Department of Health to look for ways to increase the numbers of primary health care centres in my constituency, in which groups of GPs can work together to provide a much more responsive and flexible service to my constituents than single GP practices working alone.

From my previous professional experience as a day care centre manager for adults with learning disabilities, I welcome the proposed health and social

care Bill, which will create a new integrated regulator for health and adult social care—the care quality commission—bringing together the existing health and social care regulators into one regulatory body. With the current trends towards joint working between health and social care, it makes complete sense to unite the regulatory bodies into one.

The Bill will also introduce a new single set of registration requirements for all health and social care services, but this will need to be done very carefully, as the requirements could end up being too generalised to be meaningful, given the broad range of services that they will have to cover. For example, regulations that currently guarantee care home residents the right to meet visitors in a communal space or to bring in their own furniture could not be reflected in regulations covering acute medical settings. Increasing the quality of health and social care for individual patients must be the absolute priority of the Government, and this Bill will help to bring that about.

As a newly elected Member listening to my first Queen's Speech debate on these Benches, I welcome the Government's legislative programme, which I believe shows real vision in meeting the rising aspirations of the people of the United Kingdom. I commend it to the House, and oppose the Opposition amendment.

9.7 pm

Mr. Brooks Newmark (Braintree) (Con): The Prime Minister's first hundred days can be summed up with a modified form of an old wedding proverb: something old, little new, plenty borrowed, lots of blue. Lumping health and education into one day's debate after two ministerial statements is also something of a marriage of convenience for a Government who have failed to deliver on 10 years of empty promises on health care and education. However, it is less convenient for my constituents, most of whom regard the delivery of good health care and good education as the two most important ways in which Government policy affects their lives. I suspect that my constituents would be happier if there were fewer Bills in the Gracious Speech and more emphasis on the delivery of the services that matter to them.

As ever, the Government are long on rhetoric and short on progress when it comes to the delivery of proper local health care. The Prime Minister now seems to have cast himself as Hercules cleaning out the NHS stables—or, more simply, as a cross between Flash Gordon and Mr. Muscle. But, as my right hon. Friend the Member for Witney (Mr. Cameron) exposed last week, his deep clean commitment has more than a whiff of spin about it.

A further deep clean is now desperately needed: a deep clean of the Government's target culture and centralised control of health care. The Gracious Speech contained a commitment on behalf of the Government to

"providing a healthcare system organised around the needs of the patient."

Yet the new health and social care Bill will introduce a new integrated regulator, more targets and more interference with front-line professionals—all, perversely, in the interests of boosting public confidence in a failing system.

The sickness in the health service is borne out by my constituents' experience of obtaining adequate local health care. Before the 2005 election, they were promised a community hospital, but progress on that has since evaporated as surely as the Labour majority did in Braintree. I have repeatedly raised the fate of that project in Parliament, and I will continue to do so. The primary care trust's latest position is that a full business case for the Braintree community hospital scheme will not be ready until March next year.

Those delays have already had real consequences for patient care locally. This afternoon, I hosted an event to celebrate the 25th anniversary of the Farleigh hospice, which provides support for my constituents and others across mid-Essex. Last year, Farleigh cared for 2,663 people, but its year has closed with the news that the day hospice must vacate its premises on the site of the former St. Michael's hospital in Braintree by the beginning of next year, because the future of the site and of the community hospital that was supposed to be built there is still uncertain. I do not see the Government's commitment to local health care anywhere in the vicious circle that has trapped Braintree's community hospital project since 2005. We have a Government whose unprecedented investment has been matched only by its unconscionable waste. Will the Secretary of State for Health now demonstrate a true commitment

"to providing a healthcare system organised around the needs of the patient"—[*Official Report, House of Lords*, 6 November 2007; Vol. 696, c. 1.]

by committing to build a community hospital in Braintree?

Unfortunately, the pace of change on education has left a lot to be desired. Some £1 billion has been invested in cutting truancy, but truancy rates have risen again recently with a hardcore of more than 200,000 children still regularly playing truant. The Government have failed to get to grips with keeping children in school until they are 16, but they now propose to keep children there until they are 18. I agree with the principle that improving skills among young people is both an economic and moral imperative. However, to think that greater participation can be achieved by the simple expedient of higher targets is at best naive, while to believe that either bribery or compulsion are the means to attain those targets is simply cynical.

I also want to sound a brief note of caution about one of the core principles of the Leitch review of skills. Lord Leitch's exhortation was to

"focus on economically valuable skills. Skill developments must provide real returns for individuals, employers and society."

That is right as far as it goes, but it has its origins in the Thomas Gradgrind school of thought, being "eminently practical" but lacking in essential humanity. We must remember the moral imperative as well as the economic imperative.

By way of simple example, I recently met my constituent, Mrs. Gina Fost, who is one of many people who are struggling to afford the cost of lip-reading and signing classes as a result of central Government meddling. Providers of adult community learning courses must follow guidance from the Learning and Skills Council. Residents in Braintree and Witham have seen their fees for lip-reading classes increase in the space of three or four years from

[Mr. Brooks Newmark]

nothing to £94 and finally this year to £186. The reason for those jumps is that the LSC does not view signing and lip-reading as "basic skills" worthy of full fee remission under the skills for life programme. Consequently, pensioners must pay 37.5 per cent. of the cost of the course themselves. To my way of thinking, however, there is no more important basic skill than the ability to communicate with others. The education and skills Bill will supposedly place new duties on the LSC to support free tuition for literacy and numeracy. If so, it ought to support free tuition for lip-reading and other basic skills, too.

We need to reduce complexity in the funding system, not reinforce it. We need to move from a target-led approach to a demand-led approach to skills. In the drive for skills, we need to remember that support for some skills is governed more by a moral than an economic imperative. One of the Government's besetting sins in the past 10 years has been the unholy alliance between profligate legislation, prodigal spending and parsimonious delivery. This year's Gracious Speech is nothing different, which is why I shall vote against it and support our amendment.

9.14 pm

Lynda Waltho (Stourbridge) (Lab): I rise to speak in favour of the Loyal Address and against the Opposition amendment.

I want to examine the education and skills Bill, mention some of the great things that have happened in my constituency as a result of our policies so far and consider what the Bill's introduction will mean. Although the headlines in the days after the Gracious Speech seemed to focus on the school leaving age, now that the dust has settled, we can see that this is not an arbitrary measure and it is not just about raising the school leaving age. Extending the path of young people to remain in education until 18 is surely something to value. Perhaps we should view it as extending the right to education and training up to 18.

Those who have been involved in education and training know that in order to succeed in work, it is a matter of common sense to remain in education or training—providing that it is of high quality—until at least 18. That is equally important to the nation if we are to compete at global level. The most important issue, however, is that there should be a variety of good-quality options available: work-based learning and college, school or employment training, especially high-quality apprenticeship.

The key to the Bill's success is aspiration. I truly believe that all young people should aspire either to apprenticeship or higher education. It falls to us to ensure that their path to achieving all they can is assured. Throughout all the depressing times as a teacher during the Thatcher years—believe me, there were many, including lack of resources, exercise books and pens and having to rein in classes of 37 eight and nine-year-olds—nothing was more depressing than the pupil without hope or without aspiration. I will always remember that as a probationary teacher, one of my first lessons in key skills was how to fill in a UB40.

Of course, much has changed, especially over the last 10 years and unemployment in my constituency is now at its lowest level for 10 years. It is now 3 per cent.—down 29 per cent. in 1997. Youth unemployment has been virtually eradicated. The number of 15-year-olds getting five or more GCSEs at A* to C grade is up 12 per cent. since 1998.

Our sixth form college, King Edward VI, ably led by John Glazier, has an A-level pass rate of 99.6 per cent. and 90 per cent of its students progressed to higher education last year. The college is looking to the future and is helping to shape the three new academic diplomas recently announced by my right hon. Friend the Secretary of State for Children, Schools and Families. The college has ambitious expansion plans, assisting the aim of having all 16 to 19-year-olds in education.

Just down the road at Stourbridge college, the staff ensure that no learner leaves without a level 2 qualification; and a ground-breaking programme of learner progression ensures significant progress. The college also has ambitious plans to expand, to add to local regeneration, to raise aspirations and to improve tomorrow's opportunities and sustainable jobs. Again with dynamic leadership—this time from Lynette Cutting—the college works with more than 500 employers every year. It manages the black country construction employers taskforce and leads a regional team to gain a construction consortium of £3.6 million. Last year, it delivered 40 per cent. above the original contract allocation and it was first in terms of recruitment and achievement.

I am sure that Stourbridge college would welcome a visit from my right hon. Friend the Secretary of State for Innovation, Universities and Skills to see the outstanding progress being made there, especially as the college is planning to deliver 100 per cent. above its original "train to gain" offer and establish a new arm of "Stourbridge Training" to enable the college to be responsive to employer needs. That is just what we need in the black country. As you can see, Mr. Deputy Speaker, Stourbridge is a "can do" town with two "can do" colleges, of which all of us in the local community are rightly proud. They are already delivering on the education and skills agenda and aspiring to do much more.

The black country as a region has suffered from a decline in traditional industries and manufacturing and there is a need to upskill our work force, broaden our horizons and look increasingly outwards rather than inwards. Advantage West Midlands, the Black Country Consortium and the learning and skills council are all working on that agenda, but development and aspiration also need to be encouraged and supported by local councils and by joined-up thinking across their departments.

What is the use of encouraging young people to stay on in education and training or encouraging over-19s to upskill and train to attain functional literacy or numeracy when their local council is closing libraries where they can research, study and learn, youth services are being cut, leisure centres and swimming pools are being closed and top performing schools closed down for no better reason than to have the lowest council tax rate in the region?

For all the good that the Government's education investment is doing in Stourbridge, short-sighted, short-term, penny-pinching local council policies can and will undermine our progress locally. That is why it is vital for Ministers to keep a close eye on the efforts and performance of councils such as Dudley—not just in respect of education policy, which is soon to benefit from £25 million black country learning challenge money, but across the services as a whole that are necessary to back up progress in the education and skills agenda.

The black country as a whole, and Stourbridge in particular, has a proud history, and aspires to a prosperous and proud future. I am confident that the proposed legislation will be invaluable in that quest.

9.19 pm

Michael Gove (Surrey Heath) (Con): We have had an excellent debate today—it was lively and vigorous, not least thanks to the Secretary of State. I thank all those who participated. Their individual commitment to improving our public services was clear and in many cases moving.

The right hon. Member for Oxford, East (Mr. Smith) stressed that any policy to secure greater educational participation must be rooted in getting the basics right in the early years. We wholeheartedly agree with that. My right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), in his characteristically brilliant style, pointed out that this Government have retreated from reform on health as well as on education. The hon. Member for Huddersfield (Mr. Sheerman) spoke with passion on education. Although we may differ, I appreciated his palpable commitment, which I share, to greater social mobility.

My hon. Friend the Member for Esher and Walton (Mr. Taylor), in a typically tightly argued speech, reminded the House that the Conservative party is in favour of increasing university participation. The hon. Member for Barnsley, Central (Mr. Illsley) underlined his reputation as an exemplary constituency MP. My hon. Friend the Member for Mid-Bedfordshire (Mrs. Dorries), a former nurse, spoke affectingly and with a formidable grasp of detail on the question of the protection of unborn life.

The hon. Member for Llanelli (Nia Griffith) made important points about ensuring appropriate consideration for the position of women in extending opportunity. My hon. Friend the Member for Beverley and Holderness (Mr. Stuart) made a persuasive and cogent case for further reform in the NHS, reinforcing his reputation as a great campaigner for better health outcomes. The hon. Member for Newcastle upon Tyne, North (Mr. Henderson) spoke with characteristic fluency about the effects of globalisation on his constituency.

The hon. Member for Mid-Dorset and North Poole (Annette Brooke) made a speech that reflected her long-standing commitment to children's issues. The hon. Member for Bury, North (Mr. Chaytor) made a thoughtful speech with interesting ideas about how to extend academic excellence, which I enjoyed. The hon. Member for East Antrim (Sammy Wilson) spoke with all the authority of a former teacher, and we all benefited from his shrewd Ulster wisdom. The hon. Member for Gateshead, East and Washington, West (Mrs. Hodgson) spoke persuasively on the need for improved school nutrition.

The hon. Member for Wyre Forest (Dr. Taylor) spoke with formidable authority about real weaknesses in contemporary patient care. The hon. Member for City of Durham (Dr. Blackman-Woods) underlined the importance of extending educational participation if we are to compete better internationally. My hon. Friend the Member for Enfield, Southgate (Mr. Burrowes) spoke with great moral force about the Human Fertilisation and Embryology Bill. Whatever our personal positions, we all benefited from his thoughtful arguments. The hon. Member for Ealing, Southall (Mr. Sharma) consolidated his growing reputation as an assiduous constituency Member. My hon. Friend the Member for Braintree (Mr. Newmark) assailed the Government's record with brio and élan, and the hon. Member for Stourbridge (Lynda Waltho) spoke with charm and fluency in support of the Government line.

The nature of the Chamber, and of political life, can exaggerate division. While good men and women will always disagree, it is appropriate to acknowledge that public services have been strengthened and are supported by all parties in the House. The Liberal Governments of the first decade of the previous century laid the foundation for universal welfare provision and Labour Governments introduced the national health service and the Open university, while Conservative politicians made a reality of universal education, presided over the biggest increase in affordable house building in our history and laid the foundations for greater individual choice within the state system. It is important that we acknowledge that collective, cross-party commitment to better public services.

That is why I was so disappointed by the rather partisan approach favoured today by the Secretary of State for Children, Schools and Families. I should not have been surprised, however, because long before he took up his post he made clear what he wanted to do with the job. In an interview with the *New Statesman*, he explained how he wished to reject the consensus that used to exist between Mr. Blair and the Conservatives and

"get back to clear dividing lines"

with the Conservatives over policy, preferring division over consensus and putting political positioning before real reform. We had more of the same today.

The Secretary of State made no substantive arguments. Instead, he built his speech around a flimsy, pre-fabricated soundbite. He asserted that the Conservatives supported "excellence for the few". When challenged three times to provide evidence for that quote, he could not. When challenged on the facts, he fell back on assertion. When asked to justify his position, he resorted to caricature and bluster: Brownism in action.

As I watched the Secretary of State struggle at the Dispatch Box, however, I could see a nervous tic—a quivering palm, betraying the shaky ground that he was on. We saw another quivering palm last week from the Prime Minister. It is becoming a characteristic of this Government: when they are challenged on the facts, we can see how nervous they are. Under this Government, a handshake from the Prime Minister has taken on a

[Michael Gove]

whole new meaning. Instead of the smack of firm government or the great clunking fist, we have the great quaking wrist.

Under the great quaking wrist, and his mini-me, a much more profound dividing line has opened up than the one between Labour and Tory. It is a division between those serious about reform and those stuck in a bureaucratic mindset. While those on both Opposition Front Benches are united in our desire to see greater freedom for professionals, more pluralism and wider choice, on the Labour Benches there is a fundamental split.

The dividing line is increasingly drawn around the Secretary of State. We know that throughout his time at the Treasury he was an enemy of reform. It is no good him furrowing his brow and shaking his head: we have the witness statements here. We do not need 56 days to get the evidence in order, because the suspect is bang to rights. An eyewitness account of a meeting between the Secretary of State and the then Prime Minister reveals:

"The meeting started to go wrong when Ed Balls began to be astonishingly rude to the Prime Minister."

Those challenging the Prime Minister were said to be irretrievably on the side of darkness and anti-reform. By the end, the Prime Minister was made to feel

"like an abused and bullied wife."

There is also the testimony from the hon. Member for Norwich, North (Dr. Gibson) when interviewed by the BBC about his rebellions against Blair over education. The hon. Gentleman revealed that he had the support of the Secretary of State who egged him on, saying that

"you've been on the TV and radio a lot recently on the issue. Keep going. Excellent".

Another quote reveals that

"following a lunch with Balls, the Mail on Sunday carried a provocative article entitled, 'Blair's away with the fairies...and the men in the white coats are coming'".

If that is support for the Blair reform agenda, I would hate to see what opposition looked like.

The truth is that the Secretary of State was the Kim Philby of the Blair Government—outwardly part of the establishment, but secretly working for the Stalinists. *[Laughter.]* I am glad hon. Members laughed at that one.

By rejecting the reform agenda, the Secretary of State has left us with a remarkably thin agenda. There are no measures in the Queen's speech to deal with the scandal of illiteracy, with more than 40 per cent. of children leaving primary school not having met the basic standard in reading, writing and arithmetic. There are no measures in the Queen's Speech to deal with the tragedy of innumeracy, with less than half of children getting five good GCSEs, including maths and English.

There are no measures in the Queen's Speech to reverse the tragic educational waste that begins in our primary schools and sees the gap between the most privileged and the least fortunate widen as they go through school. There are no new ideas. There is no passion for improvement and no liberating vision. There is just one Bill, with one aim—political positioning. Let us be clear what the purpose of the Bill is. It is not there to address the significant problem that we have with educational under-attainment. Nor is it principally about providing improved vocational education for those who currently opt out of learning too early. It is about politics, pure and simple. Because the numbers not in employment, education or training have risen, not fallen, under this Government, they want to get that embarrassing statistic down by legislating that record of failure out of existence.

One cannot stop a problem just by passing a law against it. One cannot end unemployment or inflation with legislation. Labour tried that in the 1970s, when it thought that it could pass a law to fix prices. It was trying to eradicate the symptoms, rather than tackle the problem at root. The root problem here runs deeper than the Government admit.

One wise old figure argued this week:

"Unless we start the process much earlier, whatever we do, whether we threaten, whether we provide carrots, whether we extend the EMA, we won't achieve unless way back when they're at primary school and through their early teens we're engaging with these young people".

Wise words from the right hon. Member for Sheffield, Brightside (Mr. Blunkett), the best Education Secretary this Government have had. He also said:

"I am against the idea of suggesting that deeply damaged men and women could somehow be fined and it would make them go into education and training. I think it's cloud cuckoo-land."

There is a dividing line for the Secretary of State—between those on the Labour Benches who know what they are talking about and those in office today.

That is not the final dividing line that is worth recording tonight. When we talk about skills, employment and specifically about those not in education, employment or training, there is one particular policy, even more than the one for the school leaving age, that is associated with the Prime Minister and his colleagues. It is his favourite phrase—the one that he has used here at the Dispatch Box, at the Trades Union Congress and at the Labour party conference. That phrase is "British jobs for British workers" and it has certainly attracted attention. The Chairman of the Home Affairs Committee has called it "employment apartheid" and the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) called it a British National party slogan. The two most senior black and minority ethnic Labour Members have rejected the Prime Minister's shallow pandering to populism. There is a new dividing line within Labour—between a principled defence of equality and a sly wink to prejudice.

Unless I am wrong, I do not think that a single BME Labour Member has used that phrase, and I do not blame them. It sullies Labour and it erects a new dividing line in our society. When our schools are increasingly multi-ethnic, our hospitals depend more and more on workers from abroad and our society as a whole knows how dangerous loose language on this issue can be, how can the Prime Minister have allowed himself to become a prisoner of the BNP's rhetoric? It is a tragedy.

We have a choice tonight between an Opposition committed to change, optimism and hope and a Government who prefer the politics of division and calculation, a choice between an Opposition who

believe in spreading choice, opportunity and excellence more widely or a Government exhausted, rudderless and addicted to control. That is why I hope as many hon. Members as possible from whichever party who believe in principle will support us and our amendment tonight.

9.31 pm

The Secretary of State for Health (Alan Johnson): This has been a rambunctious debate and, in view of some of the misunderstandings at its beginning and for the avoidance of doubt, I should put it on the record and make it clear to the House that the Opposition indicated last Wednesday the order in which their Front-Bench spokesmen would speak. We then made it clear what our order would be and I am sorry if there was any misunderstanding particularly between those on the two Front Benches. Having made that clear—*[Interruption.]* I wish I had not bothered now. [HON. MEMBERS: "Try again."] I think I will pass on that.

The two Front-Bench spokesmen for the Conservatives, the hon. Members for South Cambridgeshire (Mr. Lansley) and for Surrey Heath (Michael Gove), are both pleasant and affable people and they are reasonably bright, but something comes over them when they get behind that Dispatch Box. I remember when I was a kid seeing an old Walt Disney film in which a very timid husband says goodbye to his wife, walks out downtrodden, gets into his car, closes the door, switches on the ignition and suddenly horns come out of his head. His character changes completely. Something like that comes over the hon. Members for South Cambridgeshire and for Surrey Heath. They get this preening self-regard. In Scotland, they say that if they were chocolate, they would lick themselves. That is great in whatever debating society they come from, but I do not think it really does justice to the debate that we have had in the House on the Queen's Speech.

We have been debating the two most important issues for the public in terms of the services that are provided in this country. We have Bills on health and social care, a human fertilisation and embryology Bill, Bills on education and skills and on children and young persons, and the sale of student loans Bill. Admirable justice was done to them in the long debate and in the important contributions that I shall come to in a moment.

I say to the hon. Member for South Cambridgeshire that the right hon. and learned Member for Rushcliffe (Mr. Clarke), who has just taken his seat, pointed out that the policy differences between us on health—and I believe in the health Bills that will come before Parliament—are very slim if, indeed, they exist at all. It was remarkable that when the Conservative party's policy arrived on my desk with a dull thud—the dull was more than the thud—it was a thoughtful exposition on how we could move forward. I think that the hon. Member for South Cambridgeshire will agree that I am doing him justice when I say that the thing about the Conservatives' health policy on which to remark is that it explicitly endorses the broad shape of the Government's reform programme.

The policy agrees with the 10 reform principles set out in the NHS plan. The patient passport policy has disappeared and there is now a policy of commitment to the NHS. There are commitments to practice-based commissioning, payment by results, local involvement networks—they are an important development for patient and public involvement—foundation trusts, primary care trusts, local area agreements, patient choice, strategic health authorities and the National Institute for Health and Clinical Excellence. That is a remarkable indication of how the Government have moved the centre ground to the left and the Conservative party is trying to occupy that ground.

Let me give the hon. Gentleman a word of advice about his policy. It is completely wrong—the hon. Member for North Norfolk (Norman Lamb) also pointed this out—to suggest that we should introduce the monolithic, top-down, unaccountable organisation that the Conservatives are putting forward. For a start, that would mean structural reform. The Conservatives say that they want structural stability, but they also propose the biggest structural reform that the NHS would have ever seen.

If the hon. Gentleman will not take my word for that, he should listen to the NHS Confederation, which is clear in its views on the Conservatives' proposal. It says:

> "the problems of the NHS are not just about political interference. And it would be odd for politicians not to take an interest in an organisation spending almost £100 billion of tax payers' money".

It also says:

> "Autonomy and independence are more to do with the nature of relationships in the system than the structures. If the relationships are not clearly defined, then no amount of structural change will protect frontline organisations."

There is no difference between us on the need to ensure that we have a clinically led, locally driven NHS. However, the Conservatives' policy solution is badly thought out and would fail.

Mr. Kenneth Clarke: I thank the Secretary of State for trying to establish consensus, although the consensus was not thought to be so left wing when we were in office. If he is committing himself to competition, choice and the locally and clinically led development of the service, does he agree that much more autonomy and control need to be given to those GP practices that are keen to develop practice-based budgeting and commissioning, and that it is a mistake to leave all the power in the hands of the PCTs, especially at a time when most of them are struggling to set themselves up but wish to keep the power to commission to themselves?

Alan Johnson: I agree with the right hon. and learned Gentleman. The point is, as he said in his speech, that he believed the single tariff was a good idea. That is the big difference from the policy of GP fundholding, which led to constant haggling about prices and tariffs and took all the focus away from patient care. He ought to speak to the hon. Member for South Cambridgeshire because the same proposals are re-emerging in Conservative Front Benchers' new policy proposals.

Conservative Front Benchers say that we should introduce price competition in the expectation that that would lower the cost of care. Professor Michael Porter, who is probably the world expert on these issues, disagrees with that with regard to care. I can see no way

[Alan Johnson]

in which the hon. Gentleman's proposals would not reintroduce something that the right hon. and learned Member for Rushcliffe and I agree should be consigned to the past.

Mr. Lansley: To avoid people being misled, let me say that our policy is clear: we accept the current payment by results tariff. However, as I have made clear, what we want to do is to allow that tariff progressively to become not just a uniform price, but a maximum price against which discounts are available. A GP budget holder exercising the sort of powers that my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) mentioned would be free to purchase at the tariff, which is simple, or to negotiate discounts, or to negotiate improvements in quality.

Alan Johnson: I was just about right on that, then. The biggest effect—the single biggest advantage—of the single tariff is that providers, including those in the private sector, compete on quality, not on cost.

I was interested when the Conservative party changed its logo to an oak tree, which is a deciduous tree, because the party sheds its policies regularly. I am talking not about the Conservatives in government, but about the Conservatives in opposition. The call for a grammar school in every town has been and gone, as has the patient passport. They were against tuition fees, but now favour them—

Michael Gove *rose—*

Alan Johnson: The hon. Gentleman was not a Member of Parliament at the time. The explicit policy of the Conservative party in 2003 was to contract participation in higher education to 36 per cent. as a way to deal with the funding issue. The independent appeal panel in health was introduced by the previous Government, but the Conservatives now say that they would get rid of it.

The subject of diplomas and the education Bills brings me to the hon. Member for Surrey Heath. My right hon. Friend the Secretary of State for Children, Schools and Families was absolutely right when he talked about the progressives and the modernisers on the Opposition Benches. I see the hon. Member for Havant (Mr. Willetts) in his place; he is certainly one of them, and we had high hopes that the hon. Member for Surrey Heath would be as well. However, one cannot be a progressive on education and oppose the introduction of diplomas and the increase in the education-leaving age. We had high hopes that the hon. Member for Tatton (Mr. Osborne) would prove to be a progressive when only a couple of years ago he stated, unambiguously, that the Conservative party—he was not speaking only for himself—supported not only our proposal on diplomas, but Tomlinson, lock, stock and barrel. An amazing change of policy has occurred in only a couple of years.

The education-leaving age is the issue that will define education in the coming 20 or 30 years. Labour and the Conservatives have a shared ambition to raise participation to the highest possible level. Our ambition is to reach 90 per cent. participation by 2015. The Leitch report is saying that there are 3.2 million jobs that require no qualifications now, but there will be only 600,000 by 2020—the number of vacancies in our economy. We are expanding higher education. The hon. Member for Esher and Walton (Mr. Taylor) was wrong when he said that our policy is to get 50 per cent. of youngsters into university; in fact, it is to get 50 per cent. of 18 to 30-year-olds into higher education, a big chunk of which will be accounted for by vocational foundation degrees delivered in the workplace. My right hon. Friend the Secretary of State for Innovation, Universities and Skills is doing great work on following Leitch and increasing the number of people with level 4 qualifications.

On the one hand, a youngster in this world gets the message that it is really important to get qualifications and make the best of their education; on the other, they are able to disappear off the radar screen at 16. First, that tends to make GCSEs a school-leaving certificate and the whole education system becomes geared towards a certain proportion of children leaving school at 16. Secondly, it gives mixed messages to youngsters who should be given the clear message that previous Governments gave—and not just the 1918 Government. God, the Liberal party were in power then; that shows how long ago it was. That Government looked to raise the school leaving age, eventually to 18. The great coalition Government of the second world war, with Rab Butler as Secretary of State, said that we should move from a leaving age of 14 to one of 15 immediately, and then to one of 16—that took too long—and said that we should then move to 18, either full or part time. The proposal is that when youngsters get to the age of 16, they either have offers of an apprenticeship, or undertake in-work accredited training, or take diplomas, which are crucial to the diversity of routes that they can take, and have the opportunity to stay on at school, too. All that is crucial to the future of education.

Mr. Ian Taylor: I accept everything that the Secretary of State said about ambition, but as part of that ambition it is important to try to stress lifting the calibre and the ambitions of the children involved. In each area, it is important not to bring down the barriers to meet the average. There is a wonderful Matt cartoon in *The Daily Telegraph* that shows Captain Fantastic, about to perform in a circus ring, saying, "I shall now attempt to fail a GCSE." We have to try to lift the barriers. What worries me about the Government's programme is that the challenge for excellence, which occurs at all levels and not just at grade A of A-level standard, is not understood.

Alan Johnson: I congratulate the hon. Member for Esher and Walton on a deeply interesting contribution. He made that point about the level of excellence, saying, "Don't bring the level of excellence down in the pursuit of excellence." There is no one on the Front Bench or in the Government who would disagree with him. However—this refers back to the argument on diplomas—what we are saying is that despite previous attempts, we in this county never achieved a system which allowed the correct mixture of the theoretical and the practical. That was achieved in Germany just after the war, and we had high hopes of doing it in this country, but we never managed to do it. People who want to take a vocational route now are very much considered to be taking the second-class route; that is where the parity of esteem argument comes in.

On Tomlinson's radical proposals on diplomas, my hon. Friend the Member for Bury, North (Mr. Chaytor) was right about incorporating O-levels—I mean GCSEs; that shows how old I am—and A-levels in diplomas, or having GCSEs and A-levels separately. They do not disappear. Tomlinson said that if we are really to crack the problem, we have to allow people to achieve their own level of excellence—it could be excellence in hairdressing or anything else—and to lift their self-esteem. Ensuring that good, high-quality English and maths skills for life are incorporated in that is what the diploma programme is all about.

Let me turn to the hon. Member for North Norfolk, who I thought managed to sound sanctimonious. I know that he will be deeply wounded by that. He made all the right points; indeed, I thought that he was quoting from my speech on health inequalities. He raised the issue of patients being empowered to speak for themselves, not least on subjects such as MRSA, and being able to tell the consultant, "I didn't notice you wash your hands." He also mentioned the self-care issue that Wanless raised—all the right issues to pursue. However, he said it in a way that suggested that nothing at all had happened. He gave us a bit of cursory credit for the introduction of psychiatric therapies, which was revolutionary, but went on to say that we had done nothing on mental health.

I remind the hon. Gentleman, who I know would want the record corrected, that we launched a 10-year programme of reform on mental health in 1999—the national service framework. Everyone in mental health to whom I speak says that it has been revolutionary. We put an extra £1.9 billion into mental health. There are now 700 new community mental health teams offering home treatment, early intervention or intensive support.

Since 1997, there have been increases in main staff groups, including 1,300 extra consultant psychiatrists—up by 55 per cent.—2,700 extra clinical psychologists, which is an increase of 69 per cent., and a 24 per cent. increase in mental health nurses. The national patient survey tells us that 77 per cent. of community patients rate care as very good. The World Health Organisation says that England has the best mental health services in the world, yet the hon. Member for North Norfolk says that we have done nothing on mental health. I have to say that I do not agree with him, as you probably noticed, Mr. Speaker.

My right hon. Friend the Member for Oxford, East (Mr. Smith) was right to say that the education and skills Bill is epoch-making. I agree with him, too, about the importance of the role of employers, including small employers—we must not forget that they sometimes introduce the most revolutionary practices, because they do not start with a set of inherited practices—and of further education colleges. I have already mentioned the right hon. and learned Member for Rushcliffe, but may I just tell him that the Government are committed to reform? He hinted at the involvement of the independent sector, and we have consistently said that we will use it when it helps us with capacity, when it is cost-effective and when it contributes to patient care. This is not some ideological experiment: the independent sector can—and does—play an enormous role in improving health care. We shall continue that reform. The only thing that we have said—and I very much doubt that this would be any different if it had been said two months ago, four months ago or four weeks ago—is that we will not have a third wave of top-down independent sector treatment centres. We have had two centrally driven waves, but we are now taking a bottom-up approach. That is the only difference between us. Finally, we have introduced—and we have to give these things grandiose names—world-class commissioning, so that people know what to do with practice-based commissioning, which the right hon. and learned Gentleman rightly supported. It is one thing to say that we will give a practice a role in commissioning, but it is another thing to give it help and support, including from the private sector if it wants to use it, to deliver.

I congratulate my hon. Friend the Member for Huddersfield (Mr. Sheerman) on his first speech since becoming Chairman of the new Select Committee. He is not in his place, but earlier this year he introduced a private Member's Bill to raise the education-leaving age, of which he is a long-time advocate. I am pleased that he is now chairing the Children, Schools and Families Committee. My hon. Friend the Member for Barnsley, Central (Mr. Illsley) spoke about the importance of the building schools for the future programme. I congratulate his local authority, first, on what it has done for education. It was one of the first local authorities to become involved in foundation trusts, and it has used BSF not just to build new schools but as a way of transforming education throughout Barnsley. Secondly, I congratulate it on its work on adult social care, as it is ahead of the game, given the revolutionary things that are going on in Barnsley. My hon. Friend pointed out, too, the importance of the education maintenance allowance. The hon. Member for Braintree (Mr. Newmark) intervened on him to say that it was not a factor, but the allowance has made the single biggest contribution to lifting the participation rate. It was right to introduce it, and its role should not be underestimated.

The hon. Member for Mid-Bedfordshire (Mrs. Dorries) has strong views on abortion. The Government have made it clear that they do not see a case for changing the law on abortion. I accept that an amendment may be tabled to the Human Fertilisation and Embryology Bill, but it will not be tabled by Government Ministers.

Ms Dari Taylor: On the human fertilisation and embryology Bill, will my right hon. Friend ensure that the House supports the commitment given by a previous Secretary of State for Health that couples who find it difficult to conceive—one in six couples in the community find it difficult to conceive—will benefit from the full NICE guidelines, which means that they will get three transfers of embryos, and not one? Some PCTs have no facilities at all. Will my right hon. Friend confirm that the situation will be clarified and that people desperately in need of NHS help will receive it?

Alan Johnson: We will provide clarification, not through the Bill but through other initiatives that we are taking. It is not a central part of the Bill.

My hon. Friend the Member for Llanelli (Nia Griffith) mentioned the importance of apprenticeships and of tracking systems.

Rob Marris: I heard my right hon. Friend the Secretary of State for Children, Schools and Families, who opened the debate, speak about guaranteeing apprenticeships for all who want them. That is a great

[Rob Marris]

idea. What mechanisms can the Government introduce to make sure that apprenticeships are available? I have come across cases where young people want apprenticeships but cannot find an employer with whom to do that apprenticeship.

Alan Johnson: The Bill will ensure that every youngster who is properly qualified and wants to do an apprenticeship has the right to an apprenticeship place. It shifts the whole basis on which apprenticeships are offered.

I congratulate the hon. Member for Beverley and Holderness (Mr. Stuart), who is not in his place, on getting almost everything wrong in his contribution. Incidentally, in an intervention he said the most delightful thing. He asked whether the Secretary of State would agree that there is an epidemic in sexual health. I wish there were an epidemic in sexual health. That would be wonderful. However, I hasten to add that there is not an epidemic in sexual disease. The hon. Gentleman said that productivity in the health service has fallen. It has not. He said that social mobility was getting worse. It is not. There is a long time lag on that, but the latest statistics show that the social class gap has stopped widening, which is an important precursor to narrowing it.

My hon. Friend the Member for Newcastle upon Tyne, North (Mr. Henderson) made a powerful speech and highlighted the importance of one-to-one tuition for youngsters from poorer backgrounds, as well as those from more prosperous backgrounds. It was an important contribution because raising the education-leaving age will not solve all the problems by itself. Introducing diplomas will not solve all the problems. The measures must be seen in the round, and must start with Sure Start for the youngest children and continue right the way through.

The hon. Member for Mid-Dorset and North Poole (Annette Brooke) made an interesting contribution, particularly on the need for therapeutic assistance for children. My right hon. Friend the Secretary of State for Children, Schools and Families and I will work together on children's health on a Joint Committee to try and join services up in the way that the hon. Lady seeks. My hon. Friend the Member for Bury, North is a fellow member of the David Willetts appreciation society. The hon. Member for Havant was not in his place when my hon. Friend was eulogising his speech. I shall repeat it because I know that the hon. Member for Havant always likes to hear it. The hon. Gentleman said that selection does not spread advantage; it entrenches it. That is right, and my hon. Friend the Member for Bury, North was right to point that out.

I wish I could mention all the interesting contributions from my hon. Friend the Member for Gateshead, East and Washington, West (Mrs. Hodgson), the hon. Member for Wyre Forest (Dr. Taylor), who is, as always, knowledgeable on these issues, my hon. Friend the Member for City of Durham (Dr. Blackman-Woods), the hon. Members for Enfield, Southgate (Mr. Burrowes) and for Braintree, and my hon. Friend the Member for Stourbridge (Lynda Waltho).

Our vision is of health and education properly resourced, offering world-class services, with parents and patients fully empowered through voice and choice to have a real impact on quality. Ten years on, it is a vision that retains hope and aspiration. I commend the Gracious Speech to the House.

Question put, That the amendment be made:—

The House divided: Ayes 211, Noes 311.

Division No. 1] **[9.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Butterfill, Sir John
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Gove, Michael
Gray, Mr. James
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver

Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mr. Roger
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Jeremy Wright and Mr. Stewart Jackson

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David

Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Mr. Sadiq Khan and Liz Blackman

Question accordingly negatived.

Main Question again proposed.

It being after Ten o'clock, the debate stood adjourned. Debate to be resumed tomorrow.

PETITIONS

Planning (Leighton Buzzard)

10.15 pm

Andrew Selous (South-West Bedfordshire) (Con): I rise to present a petition signed by more than 10,500 of my constituents, principally from Leighton Buzzard and Linslade, opposing unsustainable housing growth imposed on our area without adequate infrastructure. The petition was put together by Mrs. Ann Gates and members of the Leighton Buzzard Opposes Unsustainable Development—LOUD—committee.

The petition states:

The Petition of the people of Leighton Buzzard, Linslade and surrounding parishes of Eggington, Heath and Reach and Hockliffe,

Declares that, while recognising the need for affordable housing growth to meet local need, it strongly objects to the disproportionate and unsustainable proposals to build 6,000 dwellings on 850 acres of Green Belt land around their communities. This enforced indiscriminate development is a direct result of Leighton Linslade being placed in the Growth Area for South Bedfordshire. Large-scale housing developments have been ongoing around the south of Leighton Buzzard since 2001, and a further such development of 1,300 homes is currently going through the planning process. However, this recent expansion has not brought with it more jobs or opportunities for local people. Their town is at breaking point. They are already unable to sustain the existing population with healthcare, education, policing, social care, sporting and community facilities that it needs. Traffic congestion is intolerable, with roads being completely grid-locked at peak times. They believe that further large-scale development will place an impossible extra strain on an area that is already woefully short of infrastructure. It will accelerate the decline of our historic town centre. There will be a hugely negative impact on their local environment, their communities and their quality of life. Large sections of their Green Belt will be lost forever. Their small market town and the surrounding villages will be irreversibly changed for the worse.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Communities and Local Government to reject the proposed development and any similar future unsustainable developments, and to recommend that Leighton Linslade and surrounding parishes are excluded from the Growth Area for South Bedfordshire.

And the Petitioners remain, etc.

[P000044]

Post Office Closures (Thanet)

10.18 pm

Mr. Roger Gale (North Thanet) (Con): I have the honour to present two petitions on behalf of Councillors Roger Latchford, Ted Watt-Ruffell, Stephen Broadhurst and Michael Jarvis and residents of Thanet in Kent. The petitions relate to the proposed closure of local post offices and bear the signatures of more than 1,800 people. They relate specifically to the constituents of Minnis bay and the Dane valley in Margate. The former is a predominantly elderly area and the latter is one of the most deprived areas not only in the south-east but in the country. My constituents consider that the consultation period has been too short, that the proposals

were generated by computers and poorly checked by humans, that the time scale for the proposal has been truncated and that effects on the communities have been ill considered. My constituents hope that the consultation is genuine and that the Post Office will reflect this strong reflection of public opinion in its decisions. The petitions state:

The Petitioners therefore request that the House of Commons call upon the Government, as the major shareholder in Post Office Ltd., to withdraw the current proposals and review the funding of the Post Office network.

Following is the full text of the petitions:

[The Petition of Roger Latchford of Birchington in Kent and residents of Thanet,

Declares that the proposed reduction in the number of Post Offices serving our communities will be socially damaging and is unwelcome.

The Petitioners therefore request that the House of Commons call upon the Government, as the major shareholder in Post Office Ltd., to withdraw the current proposals and review the funding of the Post Office network.

And the Petitioners remain, etc.]

[P000051]

[The Petition of Cllrs. Stephen Broadhurst, Michael Jarvis and Edwin Watt-Ruffell who represent the residents of Dane Valley, Thanet,

Declares that the proposed reduction in the number of Post Offices serving our communities will be socially damaging and is unwelcome.

The Petitioners therefore request that the House of Commons call upon the Government, as the major shareholder in Post Office Ltd., to withdraw the current proposals and review the funding of the Post Office network.

And the Petitioners remain, etc.]

[P000052]

Post Office Closures (Boat of Garten)

10.20 pm

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): I have the honour to present a petition on behalf of concerned users of the post office in Boat of Garten, a small village in my constituency, which has been collected by the Boat of Garten community council and signed by 354 people, which represents three quarters of the population of the village and includes several business people and the local MSP.

The petition reads:

The Petition of the Community Council and residents of Boat of Garten and vicinity, Inverness-shire, Scotland,

Declares that the Petitioners are concerned for the future of their local Post Office in Boat of Garten and the damaging economic and social effects that any closure would have on their community. Further declares that the Boat of Garten Post Office is widely supported by local residents, businesses and visitors to the Cairngorms National Park and that public transport is insufficient to allow vulnerable residents access to any other Post Office.

The Petitioners therefore request that the House of Commons urges the Government to ensure that Boat of Garten Post Office is retained before irreparable damage is done to the well-being, sustainability and cohesion of our community.

And the Petitioners remain, etc.

[P000055]

Post Office Closures (St John's Road)

10.21 pm

Greg Clark (Tunbridge Wells) (Con): I rise to present two petitions dealing with two of the four proposed post office closures in the borough of Tunbridge Wells, the four being in Bidborough, St. John's, Langton Green and Hawkhurst.

The closure of a post office rips the heart out of a community. A post office has been in the St. John's area for more than 60 years, yet the consultation process lasted just six weeks, with decisions taken in as little as two weeks after that. The inadequacy of the consultation process gives us serious cause for concern, but we hope that the representations that my constituents have made will be taken seriously by the managers of the post office.

The first of the two petitions relates to the St. John's post office and is signed by 1,574 of my constituents. In a recent public meeting attended by 300 people, it was established that the post office is a profitable and successful sub-post office, run by Sam and Rai Patel, in an area with an expanding population that has inadequate alternatives, in the sense that the existing Crown post office is inadequate.

The petition states:

The Petition of customers of St John's Road Post Office and local residents of St John's Road and surrounding villages,

Declares that the Government must keep St John's Road Post Office open.

The Petitioners therefore request that the House of Commons accept this petition and call upon the Government and the Post Office to overturn their decision to close St John's Road Post Office.

And the Petitioners remain, etc.

[P000054]

Post Office Closures (Bidborough)

10.22 pm

Greg Clark: The second petition relates to the village of Bidborough, near Tunbridge Wells. Some 964 residents of Bidborough have appended their names and more than 250 people recently attended a public meeting, expressing their support for Reshma and Kiran Misrani, who took over the post office in good faith only 16 months and now find their livelihood threatened. During the time that they have run the post office business has increased and they have been allowed to extend their opening hours. It would be ridiculous if the post office was to close on the basis of old information.

The petition states:

The Petition of customers of Bidborough Post Office and local residents of Bidborough and surrounding villages,

[Greg Clark]

Declares that the Government must keep Bidborough Post Office open.

The Petitioners therefore request that the House of Commons accept this petition and call upon the Government and the Post Office to overturn their decision to close Bidborough Post Office.

And the Petitioners remain, etc.

[P000053]

ADJOURNMENT

Resolved,

That this House do now adjourn.—*[Tony Cunningham.]*

Adjourned accordingly at twenty three minutes past Ten o'clock.

House of Commons

Wednesday 14 November 2007

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Sectarian Crime

1. **Sir Nicholas Winterton** (Macclesfield) (Con): If he will make a statement on sectarian crime in Northern Ireland. [161978]

The Minister of State, Northern Ireland Office (Paul Goggins): Before I answer Question 1, the whole House will want to join me in expressing sadness and sympathy for the family and friends of the seven family members, including five children, who perished in the fire in Omagh yesterday. I reassure all hon. Members that a full investigation will take place into the cause of that tragic event.

The total number of recorded sectarian crimes in Northern Ireland for 2006-07 was 1,217—some 17 per cent. lower than the figure for the previous year.

Sir Nicholas Winterton: I am sure that the whole House joins the Minister in his expression of grief on behalf of the family of those who were killed.

I am deeply concerned that a young man in Northern Ireland was brutally beaten to death—every bone in his body broken—and that two policemen, one in Londonderry and one in Dungannon, have been shot and badly wounded. Does not that indicate that sectarian crime is rearing its ugly head again? Is not it important that the Administration in Stormont act fiercely against such crime? What are the Government doing to help the coalition Administration in Northern Ireland overcome sectarianism, which appears to be raising its head again?

Paul Goggins: Any crime motivated by hatred is to be condemned. The hon. Gentleman will have noticed that condemnation of the Quinn murder and of the attacks on police officers have come from all quarters in Northern Ireland. All political leaders have made clear their unequivocal condemnation of the events and implored the public to come forward with information that can be turned into evidence that will stand up in court and see these people where they belong—behind bars. The Quinn murder and the attacks on the police officers have shown a community in partnership with law enforcement to a level that has never been seen before in Northern Ireland. That is an encouraging sign for democracy and peace in Northern Ireland.

Mr. Gregory Campbell (East Londonderry) (DUP): Further to the issue of the continuing sectarian attacks, will the Minister outline what the political consequences would be if condemnation of the shooting was forthcoming—as he said, it has been, albeit not from the Member of Parliament for the Dungannon area—but not sufficient information or evidence to prosecute those who carried out the attacks?

Paul Goggins: There is an ongoing police investigation into the issues that I have mentioned. Furthermore, the Independent Monitoring Commission reports regularly on such matters. A distinguishing feature of the last few weeks has been the way in which the political parties in Northern Ireland have been drawn together in their condemnation of the dreadful events and their determination to make democracy work.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): May I associate myself and my party with the expressions of condolence with which the Minister opened his remarks?

Does the Minister accept that the conflict transformation initiative has an important role in tackling sectarian crime, and that the administration of funds from the initiative is a wholly devolved matter? What representations did his Department make to the Minister of Social Development before her recent decision to withdraw funding from a programme because of concerns about possible links between it and the Ulster Defence Association?

Paul Goggins: The conflict transformation initiative is a devolved matter, and it was for the Minister of Social Development to decide whether to continue to fund the organisations involved. I had discussions with the Minister of Social Development, because one of the criteria that she set in her decision on funding was in relation to decommissioning, which remains a matter for my right hon. Friend the Secretary of State and me rather than being a devolved matter. We have always been clear, however, that the issue concerned was entirely for her to decide, and she has decided.

Mr. Owen Paterson (North Shropshire) (Con): On behalf of Her Majesty's official Opposition, I fully endorse the Minister's comments on the terrible tragedy in Omagh, and we send our deepest sympathies to the relatives of those involved.

In the light of the hideous murder of Paul Quinn, the two attacks on policemen in recent days and the refusal of loyalist paramilitaries fully to decommission, the Minister of State will agree that the key to a stable peace is for local communities to work with the police at all levels. What additional steps does he propose to improve that engagement?

Paul Goggins: The strong message from my right hon. Friend the Secretary of State and me, from the Chief Constable, and from political leaders in Northern Ireland in the wake of the events that the hon.

Gentleman outlines has been that the community should come forward, stand shoulder to shoulder with their police officers, and ensure that the small number of people who are responsible for those dreadful events are brought to justice and put behind bars.

I believe that in recent days it has become ever clearer that there is a determination in the community to provide such evidence and to come forward with statements. Only yesterday, during my visit to Dungannon, the police commented to me on the unprecedented co-operation from the community, along with an absolute determination among front-line police officers to ensure that those responsible are brought to justice. I think we should all be encouraged by that determination.

Mr. Paterson: Does the Minister agree that the police must focus every existing resource on defeating criminal organisations? Given the enormous load imposed on the police by the continued retrospective inquiries, would he consider changing police priorities to allow the police to concentrate more resources on current dangers until the fuller co-operation of local communities is more evident?

Paul Goggins: Of course, every pound spent on investigating the past is a pound not spent on policing the present. I think we should emphasise the importance of dealing with the problems of the here and now. However, we have commitments in relation to inquiries, and they will continue to be honoured. We also have commitments in relation to the funding of policing in Northern Ireland, and we will continue to honour those as well.

Another important feature of recent times that has been evident to me, as police Minister, is the high level of co-operation between the Police Service of Northern Ireland and the Garda Siochana, which is essential in bearing down on the remaining criminality in Northern Ireland.

Paramilitary Groups

2. **Mr. Andrew Mackay** (Bracknell) (Con): What recent assessment he has made of the activities of dissident republican groups in Northern Ireland; and if he will make a statement. [161979]

6. **Mrs. Nadine Dorries** (Mid-Bedfordshire) (Con): What recent assessment he has made of the activities of loyalist and republican groups in Northern Ireland; and if he will make a statement. [161984]

9. **Mr. Shailesh Vara** (North-West Cambridgeshire) (Con): If he will make a statement on the security situation in Northern Ireland. [161987]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): Hon. Members will be aware of the report published last week by the Independent Monitoring Commission that outlined the activities of all loyalist and republican groups, but I am sure they will want to join me in condemning the two attacks in the past week on two police officers, Paul Musgrave and Jim Doherty. Those cowardly attacks are in stark contrast to the professionalism and dedication of the PSNI.

Mr. Mackay: I endorse the Secretary of State's remarks about the attacks on the two police officers. Is he satisfied, first, that new police recruits are being given the right training to avoid assassination attacks and, secondly that mainstream republicans are really coming forward and helping the police to deal with dissident republicans who might well have been responsible for those two attacks?

Mr. Woodward: The answer to the first question is yes, I am satisfied, but that is of course a matter for the Chief Constable. I regularly discuss these matters with him, and he has never indicated to me that it is a problem. As for the second question, I think we must look at the immediate statement made by republicans in response to all the attacks that have taken place in the past few weeks. They have been unequivocal in their condemnation of the attacks and have, with absolute clarity, asked everyone across the communities to come forward with evidence.

I can also tell the right hon. Gentleman that I have had discussions with the Minister for Justice, Equality and Law Reform in the Republic. He tells me—as, indeed, does the Chief Constable of the PSNI—that in all three of the investigations that are under way, there is an unprecedented level of co-operation by the public in all communities. That stands in marked contrast with the position just a few years ago, and is being encouraged at every level of leadership in Sinn Fein.

Mrs. Dorries: Does the Minister agree that there is a difference between decommissioning and putting weapons beyond use? The Ulster Freedom Fighters have said that they will put their weapons beyond use, but if stability and peace are truly to exist in Northern Ireland do we not need to see the destruction of all weapons and full decommissioning?

Mr. Woodward: The hon. Lady is absolutely right. When it comes to decommissioning, I think that every Member would like to see every weapon put beyond use and destroyed this evening—not tomorrow, not next week, not next month, not next year. The fact is, however, that decommissioning is a process. I am glad to report that groups such as the UDA are now engaging with the Independent International Commission on Decommissioning in a way that they have not done before. This weekend's statement by the UDA is to be welcomed, but I agree with the hon. Lady that—and I think that all Members will agree with this—it will be actions, not words, that count. We want to see these weapons decommissioned, and decommissioned now.

Mr. Vara: The recent monitoring commission report said that individuals and communities have suffered a lot as a result of paramilitarism. What do the Government propose to do to help those individuals and communities to rebuild themselves and their society?

Mr. Woodward: There has undoubtedly been a great deal of suffering in communities during nearly four decades of troubles in Northern Ireland. However, it is clear that people in Northern Ireland are now living in a new era. The activities of a very small, limited number of people are being entirely condemned by every decent

person north and south in Ireland. A number of things can be done to bring the communities out of the grip, in some remaining areas, of paramilitary activity, but part of that work is now the devolved responsibility of the new Administration and the Department for Social Development. I commend the work that is being done by Minister Ritchie to help those communities that are in the grip of paramilitary activity to come out of it. In the end, co-operation between all of us across the community, the Government here and the Government in Northern Ireland will ensure that we can help everyone to leave the past behind.

Mark Durkan (Foyle) (SDLP): All of us would wish to associate ourselves with the expressions of grief and shock at the Omagh fire tragedy.

I join the Secretary of State in condemning the murderous attacks on the two police officers. One of them was on a constituent of mine and the attack happened while he was taking a child to school. Does the Secretary of State agree that, by its violence and by the vicious terms of its statement, the Real IRA is showing that it is out not just to attack and threaten individual police officers, but to intimidate the wider public, particularly the nationalist public, who are increasingly demonstrating that they see the PSNI as acceptable, accessible and fully accountable—unlike the Real IRA, which they totally reject?

Mr. Woodward: I had the opportunity yesterday to speak to the hon. Gentleman's constituent, Mr. Doherty, who was wounded in the attack last week. He suffered considerable damage, but he is in very good spirits and he is a great example to everyone of stoicism and commitment to the police force. He said to me last night that he could not wait to get back to work. I hope that he does not return too quickly and that he has some time with his family, who, we must remember, are also innocent victims of such attacks.

The hon. Gentleman makes an important point about the community. The Chief Constable tells me that we are seeing more co-operation from the community to try to bring those criminals to justice. This is going to be a choice for the community: we can leave the past behind, or we can move forward into a new future. That new future means that we have to support witnesses who come forward. Again, I am glad to say that the Chief Constable has made the position clear. He says that there is more co-operation than ever before from witnesses, and, critically, that he will give every protection he can to ensure that those witnesses can produce signed statements, that those signed statements can go into court and that the limited number of criminals who commit such crimes will be brought to book and put in jail, where they belong.

Sir Patrick Cormack (South Staffordshire) (Con): I entirely endorse what the Secretary of State has just said and accept that there has been real and commendable progress since the Select Committee on Northern Ireland Affairs produced its report on organised crime last July, but is it not still very disturbing that, clearly, a number of former paramilitaries are involved, are intimidating people and are taking part in crimes such as fuel smuggling in particular?

Mr. Woodward: As the Minister of State said earlier, any crime must be condemned. Last year, the hon. Gentleman's Committee produced a very important and useful report on organised crime. It rightly identified a number of problems. Criminality, of course, remains a problem. However—I was discussing this with the Minister for Justice, Equality and Law Reform in the Republic yesterday—there is no question but that the unparalleled levels of co-operation between the communities, the Gardai and the PSNI are leading to a net being drawn more and more tightly around those who would peddle their criminality. Whatever disguise they may be using, they are criminals. It is the determination of the Chief Constable and the commissioner in the south to close the net on those people. I am glad to say that we are seeing that in action now.

Mr. Jim Devine (Livingston) (Lab): In welcoming Sunday's UDA statement, will my right hon. Friend join me in urging the Red Hand Commando to follow suit?

Mr. Woodward: I entirely agree: it is extremely important that not only that paramilitary group but all paramilitary groups follow suit. I can only reiterate what I said earlier: decommissioning should happen now, not next week or next month. We want all the weapons to be handed in, we want an end to criminality, and we want the people of Northern Ireland to be allowed to have the peaceful and prosperous future that everyone else can enjoy.

Dr. William McCrea (South Antrim) (DUP): In the light of the statement of IMC member John Grieve about the murder of Paul Quinn, will the Secretary of State categorically assure the House that no stone will be left unturned in exposing Paul Quinn's murderers? They must be brought to justice, no matter how unpalatable that might be to some, and irrespective of any political consequences. Will the Secretary of State also tell the House that the Government will demand a clear statement that the IRA army council will be totally dismantled?

Mr. Woodward: As the hon. Gentleman knows, there is an ongoing investigation into the crime he mentions. However, I can say this: I was, of course, aware of John Grieve's statement of the beginning of this week, and I raised it yesterday with the Minister for Justice, Equality and Law Reform who told me that there is no information available to the Gardai suggesting that the attack was authorised by, or carried out on behalf of, any paramilitary grouping. I can, however, reassure the hon. Gentleman that nobody is above the law, and I am absolutely prepared to give him this commitment: this Government and the Irish Government believe that whoever did this needs to be investigated and charged in full accordance with the law, and brought to book.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): The UDA statement of the weekend is obviously welcome, but it is relevant in the context not only of paramilitary violence but of the level of overall criminality in the Province. What is my right hon. Friend's assessment of the potential impact of that statement on criminality in Northern Ireland?

Mr. Woodward: I refer my hon. Friend to the 17th report of the IMC, which looked at such issues. It was extremely important that the UDA statement called on all its members not to be involved in crime and to withdraw immediately from criminality. Let us be clear that such organisations have been front organisations for intolerable levels of crime, racketeering, prostitution and drug selling, which have brought destruction to entire communities and ruined the lives of young people. We have seen too many young people lose their lives as a consequence of the activities of such groups. I welcome the UDA statement—I take it at face value—but, in the end, it is essential that the House recognise that actions and not words will be what count. We want the UDA to ensure that its commitment is translated into action on the streets.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): Will the Secretary of State assure the House that the Police Service of Northern Ireland will receive the resources it needs to deal with the dissident republican threat? In addition to evidence gathering, we need a proactive approach to prevent such attacks in the future, which requires more police officers on the streets and more resources for the PSNI—not a cut in the policing budget, as is envisaged.

Mr. Woodward: I acknowledge and welcome the important work that the right hon. Gentleman does with the PSNI. The PSNI budget for the next three years is a fair settlement, and it represents an increase. Let us also look at the numbers on the ground: in Northern Ireland there is one police officer for 220 of the population. We know why that was and is necessary, but I am sure that the right hon. Gentleman would agree that many other Members would love their constituency to have the high number of officers that the Chief Constable in Northern Ireland enjoys. The Chief Constable needs them, but it is right that we continue to ask him to justify why we should spend so much money on the PSNI. It is money well spent, but we must ensure that there is value for money.

Public Expenditure

3. **Mr. Peter Bone** (Wellingborough) (Con): What public expenditure per person is planned in Northern Ireland in each of the next five years. [161980]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): Government spending plans for Northern Ireland for 2008-09 to 2010-11 were set out in the 2007 comprehensive spending review by my right hon. Friend the Chancellor.

Mr. Bone: I am sure that many Members of the House will welcome the fact that Northern Ireland receives more public expenditure per person than the UK average, but for the past five years that proportion has been declining relatively, whereas Scotland's has been increasing. What is the Government's policy towards the relative merits of public expenditure within the union?

Mr. Woodward: Northern Ireland did, indeed, receive a very good settlement from my right hon. Friend the Chancellor. Again, I commend the Finance Minister in the new Administration in Northern Ireland for the extremely good way in which he has handled the settlement to ensure that Departments in the new Administration and Executive are able to fulfil their commitments to public services. On the specific question that the hon. Gentleman asks, the budgets are derived from the Barnett formula, which has served the United Kingdom well for 25 years. It is, of course, a needs-based assessment of priorities by the Government for the Administrations, and we believe, as statements made by members of the Executive in Northern Ireland suggest, that the settlement for Northern Ireland for forthcoming years is a fair and just one.

Chris Ruane (Vale of Clwyd) (Lab): Does my right hon. Friend agree that the challenge for Northern Ireland is not over-reliance on public investment but attracting private sector investment, that the historic peace settlement that this Government have introduced has laid the foundations for that and that evidence of this success is the massive increase in house prices in the north over the past two or three years?

Mr. Woodward: My hon. Friend makes an important point. First, we must understand that because of 40 years of troubles, it has been difficult to re-engineer the Northern Ireland economy in the way that has happened in the rest of the United Kingdom over the past two or three decades. That is why public expenditure represents about 70 per cent. of Northern Ireland's economy, which compares with a figure of 41 per cent. in England and stands markedly against 34 per cent. in the Republic. He is right to draw attention to that. The new Administration in Northern Ireland have plenty of scope to regenerate their economy by allowing some of those sectors in the public area to be open to more competition from other areas than they have been in the past decade or two.

Drugs

4. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What resources have been allocated to the police to help identify those paramilitary groups involved in drug trafficking and selling. [161981]

The Minister of State, Northern Ireland Office (Paul Goggins): May I begin by offering my sincere condolences to the family of Dean Clarke, whose recent tragic death has brought home to all of us the harm that illegal drugs do to families and communities? The Police Service of Northern Ireland will continue to prioritise action against drug dealers and traffickers, irrespective of their background or motivation.

Mr. Crabb: I thank the Minister for that reply. Given that the paramilitary organisations on both sides of the divide that have diversified into drug trafficking, with all the devastating consequences for communities that the trade entails, have largely been able to maintain their political and military structures, which pin down those communities in fear, how concerned is he that a real battle needs to be fought against drugs in Northern Ireland and that it is being lost?

Paul Goggins: I do not agree that the battle is being lost. Of course, this is a matter of concern to me, whatever the background and whatever organisation is behind the trafficking and selling of drugs on the streets of Northern Ireland, but in fact the number of arrests for drug offences increased by 20 per cent. last year in Northern Ireland and the number of class A drug seizures increased by 58 per cent. This will remain a priority for the police, but, of course, they need the co-operation and help of the community to deal with the problem.

Mr. Laurence Robertson (Tewkesbury) (Con): Given that the recent Independent Monitoring Commission report identified a number of paramilitary organisations that have changed the emphasis of their activities from paramilitary to drug dealing—Oglaigh na hEireann, the Continuity Irish Republican Army, the Irish National Liberation Army, the Ulster Defence Association, the Loyalist Volunteer Force and the Ulster Volunteer Force—and given that the street value of seized drugs in Northern Ireland in 2006-07 amounted to £22.5 million, what prospects does the Minister see for the devolution of policing and criminal justice?

Paul Goggins: I am confident that those in the devolved Administration in Northern Ireland will share my determination to ensure that those who deal in illegal drugs are dealt with, the drugs are seized and they are brought to justice. The hon. Gentleman referred to the seizure last year of some £22 million worth of drugs, and that included a huge seizure of cannabis, the biggest ever in Northern Ireland, which again amply demonstrates the commitment of the police and others to bear down on that form of criminality.

Nuclear Power

5. **Mr. Eddie McGrady** (South Down) (SDLP): What discussions he has had with the Department for Business, Enterprise and Regulatory Reform on the proposed development of nuclear power sites in Northern Ireland. [161983]

The Minister of State, Northern Ireland Office (Paul Goggins): I have had no such discussions, but my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform has consulted widely across the UK, including in Northern Ireland, on whether to give companies the option of investing in new nuclear power stations. No decision could be taken to site a nuclear power plant in Northern Ireland without the agreement of the devolved Administration.

Mr. McGrady: I thank the Minister for his reply. Is he aware that the Government chief scientific adviser, Sir David King, endorsed the proposals for five nuclear sites in Northern Ireland, two of them in my constituency? What representation has been made to the Northern Ireland Office by the Executive, and did the Executive make a submission on the issue of nuclear sites to the UK Government before the end of the consultation period on 10 October?

Paul Goggins: My right hon. Friend the Secretary of State has strategic responsibility for overall energy policy across the UK and he has organised two public consultations in Northern Ireland in relation to this question. I assure my hon. Friend that in any event it would require the express agreement of politicians in Northern Ireland before any nuclear power plant could be developed there.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [163656] **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): If he will list his official engagements for Wednesday 14 November.

The Prime Minister (Mr. Gordon Brown): Before listing my engagements, I am sure that the whole House will wish to join me in sending our profound condolences to the family and friends of Lance Corporal Jake Alderton of 36 Engineer Regiment, who was killed in Afghanistan last Friday. He died in a tragic accident doing vital work in the service of our country, and we owe him, and others who have lost their lives, a deep debt of gratitude.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Mr. Carmichael: I am sure that Members on both sides of the House will wish to associate themselves with the Prime Minister's expressions of condolence.

Does the Prime Minister agree that the growing humanitarian crisis in Gaza, resulting from the closure of the border between the Gaza strip and Israel, is the most pressing concern to be addressed at the forthcoming conference at Annapolis? Will he make that the UK's first priority, and will he press the US Government to do the same?

The Prime Minister: I am grateful to the hon. Gentleman, who has taken a long-term interest in those matters. The 22 November meetings in Annapolis will be a unique opportunity to move forward the middle east peace process, and to bring together the possibilities for a viable Palestinian state with a safe and secure Israel. I hope that out of those meetings—and we will press for it—under the leadership of President Bush and with 22 Arab states involved, we will find a framework document that can be moved forward over the next year with a view to settling all the outstanding issues.

The hon. Gentleman mentioned Gaza—let us not forget the west bank also—and if we can see tangible progress on security, the UK would be prepared to put a $500 million package of aid into the area, so that economic reconstruction can take place. We will call on the rest of the European Union and the US to join us in making it possible to show that prosperity can result from abandoning the violence of the past.

Mr. David Marshall (Glasgow, East) (Lab): I congratulate the Prime Minister and everyone involved in Glasgow's successful bid to host the 2018 Commonwealth games. Does he agree that that will regenerate the east end of Glasgow in the same way as the 2012 Olympics will

regenerate the east end of London? Will he therefore liaise with Glasgow city council and the Scottish Executive to ensure that that much needed regeneration does indeed take place?

The Prime Minister: I congratulate my hon. Friend, who has also been a prime mover in bringing the Commonwealth games to Glasgow. I also congratulate Glasgow city council, the Scottish Administration and all those who have played a part in securing the Commonwealth games for Glasgow. We now look forward to what I believe could be the best sporting decade in our country's history. We have the Olympics in 2012 and the Commonwealth games in Glasgow in 2014; I would like to see the rugby world cup coming to Britain in 2015, and England will bid for the 2018 World cup. It will be a great sporting decade, and I believe that everybody in our country will wish those proposals well.

Mr. David Cameron (Witney) (Con): I join the Prime Minister in congratulating Glasgow on winning the Commonwealth games. They will be a great success for our whole country. I also join him in paying tribute to Lance Corporal Jake Alderton, who died in Afghanistan on Friday. Our troops there are doing vital work and we all support them.

Four months ago, the Home Secretary was told that thousands of illegal migrant workers had been given clearance to work in sensitive security posts. Why were the public not told?

The Prime Minister: Because the Home Secretary acted immediately. What she did was to put in place the security checks that mean that all new security workers are checked, and that all existing workers are going through checks. The checks will be completed by the end of the year. The Security Industry Authority wrote to employers in the middle of August to tell them that we were stepping up our checks. The checks are moving forward, and the likelihood is that they will be finished by the end of the year. Instead of just talking, she acted.

Mr. Cameron: I did not ask about what the Government did; I asked about what the Home Secretary said. The Prime Minister's explanation is simply not good enough. People were not told because that would have been politically embarrassing, as the e-mails make clear. The Home Secretary was told that

"any announcement about illegal migrant workers...would not be presented...as a positive story."

Her private secretary said that the Home Secretary did not think that

"the lines to take...are good enough for Press Office or Ministers to use to explain the situation."

That is why the public were not told. Have not the Government been caught red-handed putting spin before public safety?

The Prime Minister: It is what we did that matters. I am sorry that the right hon. Gentleman says that it does not matter what we did. What we did is important to the security of this country. It is for employers, first of all, to check whether they are employing people who are in this country illegally. That is the first responsibility. The SIA is now able to do checks of existing workers, as well as new ones. I think that the House should know that when the Bill setting up the SIA was being discussed in the House of Commons, the Conservative spokesman said:

"The Opposition's approach to the Bill is that it should not place unnecessary, overly complex, bureaucratic or burdensome regulations".—[*Official Report*, 28 March 2001; Vol. 365, c. 980.]

The regulations were necessary to protect the security of our country.

Mr. Cameron: That is such a contrast with what the Prime Minister told us in May, when he said that he would be "frank about problems" and "candid about dilemmas". He has been neither. A simple question: will the Prime Minister say when he was told about the problem? When?

The Prime Minister: The Home Secretary has been dealing with it throughout the summer—*[Interruption.]* It is an operational question, and I am sorry—*[Interruption.]* I am sorry that the Leader of the Opposition puts so much onus on press releases. What matters is getting things done. We checked 6,000—*[Interruption.]*

Mr. Speaker: Order. Let the Prime Minister speak. *[Interruption.]* Order. The hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) has been quiet for a while, but he must stay quiet now.

The Prime Minister: We have checked existing workers as well as new ones. That process will be completed by the end of the year. The matter was the operational responsibility of the Home Secretary, and she took the right action.

Mr. Cameron: Why will the Prime Minister not answer the simplest of questions? If he did not know, that is serious—but it is not the end of the world. However, does he not understand that if he does not answer a question like this, people simply will not trust him? So let me ask him again: when was he told about the problem?

The Prime Minister: The arrangements for checking—[Hon. Members: "Answer!"] The arrangements for checking had been announced to the House of Commons some months ago. The question was what happened when we tightened the regulations: that was the operational responsibility of the Home Secretary, and she took the action that was necessary. I am sorry that the Leader of the Opposition thinks everything should go through No. 10; the Home Office was responsible, and it took action.

Mr. Cameron: Why does the Prime Minister not want to know about a major security lapse in our country? He promised us a new type of politics. He said that he would be open, he would be honest, he would be frank and he would be candid—yet today he will not answer the simplest of questions. Should not people conclude that everything he said about openness, candour and honesty was just spin?

The Prime Minister: The key issue is what is actually done, and we took action immediately in July, August, September and October. It is for that reason that the

Home Secretary was able to report yesterday that the checks on existing workers will be completed by the end of the year. We did our duty—not press releases, but action.

Mr. Kevan Jones (North Durham) (Lab): Yesterday, the hon. Members for Newark (Patrick Mercer) and for Portsmouth, South (Mr. Hancock) and I hosted the parliamentary launch of the "honour the brave" campaign, along with Pearl Thrumble and Helen Gray, two mothers who have lost sons in Afghanistan. The aim of the campaign is to secure a medal for men and women who die or are injured in combat, so may I urge my right hon. Friend to use his good offices to try to ensure that the medal is awarded to those brave men and women, whose courageous families are also supporting their efforts to secure peace in Afghanistan and Iraq?

The Prime Minister: I join my hon. Friend in passing my condolences to the brave relatives of Private John Thrumble and Private Chris Gray who were both killed in Afghanistan in 2007. The whole House will honour all those who have given their lives in Afghanistan and those in Iraq who have laid down their lives for their country. On the question of whether a new medal is struck for those who have been killed or injured, it is first a matter for the military authorities to make a recommendation. The matter is being looked at with intensity in the Ministry of Defence. We look forward to hearing the recommendations that are made, and we will of course support them. I believe that the whole country wishes to honour people who have given their lives or who have been injured in the service of our country.

Dr. Vincent Cable (Twickenham) (LD): May I add my condolences to the family of Jake Alderton?

This morning, the Chancellor wrote to me about Northern Rock and the Government's commitment to minimising the cost to the public purse. Can the Prime Minister confirm that the Government have now lent £24 billion of taxpayers' money to that small mortgage bank—twice the amount of public expenditure on primary schools every year, and four times the aid budget?

The Prime Minister: First of all, we are guaranteeing the deposits of savers—that is well understood—and we are bringing forward legislation in the House. That is absolutely the right thing to do, to move from the situation in 1982, when we guaranteed only 90 per cent. up to a certain amount, to guaranteeing 100 per cent. up to the amount that will be specified when the legislation is introduced. As far as Northern Rock is concerned, matters about what is actually happening within the company are obviously of commercial confidence. I gather that the stories in the newspapers this morning are about papers unrelated to the Treasury, the Bank of England or the Financial Services Authority, and only to Northern Rock itself. I cannot comment on those confidential papers.

Dr. Cable: The arguments about commercial confidentiality are absolutely bogus. Why should the taxpayer have rights inferior to those of the managers, directors and shareholders of the company? If the Prime Minister cannot tell me how much money has been lent, can he give the House an assurance that the loan will be paid back in full, with interest, in the lifetime of this Parliament?

The Prime Minister: I think the hon. Gentleman—to be fair—knows exactly what the situation is. Secured lending is being given in relation to Northern Rock, guaranteed against Northern Rock assets. However, that is a matter about the future of Northern Rock, and it would not be in the best interests of Northern Rock or its investors to speculate on possible buyers and other possible interest in the company. I hope that the hon. Gentleman agrees that such information should at the moment remain commercially confidential.

Q2. [163657] **Clive Efford** (Eltham) (Lab): May I add my sympathies to those of my right hon. Friend for my constituent Jake Alderton, who died in Afghanistan last week? I met the family this morning, and they are extremely proud of the work that Jake was doing. He was a credit to his family, to his regiment and to the country.

May I also ask my right hon. Friend about youth unemployment? There are 810 young people in my constituency who are not in education, employment or training. Does he agree that that is an absolute disgrace? Will he reflect on how much that figure might be added to if it were not for education maintenance allowances? Does he further agree that, rather than suggesting that we might abolish that allowance, it is incumbent on every Member to ensure that we do everything possible to ensure that every 16-year-old is in education, employment or training and does not leave school for a lifetime of idleness and unemployment?

The Prime Minister: I agree with my hon. Friend. In addition to the major reforms that are bringing about more academies, more specialist schools and more trust schools, and the reform of the curriculum with the new standards and qualification authority, we are extending education maintenance allowances to enable more young people to stay on at school. We are raising the education leaving age to 18, as a result of the legislation that we are bringing before the House of Commons, for part-time and/or full-time training. At the same time, we are introducing diplomas that will have the status, we believe, to enable universities and businesses to back them. When Governments in the 1940s introduced the major education reforms—such as the 1944 Act—there was all-party consensus on them. I hope that even at this stage the Conservatives will reconsider their position, not only on education maintenance allowances and the new deal for young people, but on raising the education leaving age to 18. I hope that they will not a fall into the trap that they fell into on grammar schools. We want education for all, not educational opportunity just for a few.

Mr. Adrian Sanders (Torbay) (LD): The Prime Minister will be aware that today is world diabetes day. Will he commit the Government to fulfilling the objectives of the UN resolution on diabetes passed last

year, which commits itself to the prevention of that appalling condition, and to treating those who suffer from it?

The Prime Minister: I am grateful to the hon. Gentleman for raising the issue of research into diabetes. Over the next 10 years we will be spending £15 billion on medical research. One of the areas where research is most needed is in looking for both a cure and for better treatments of diabetes. We will support all the efforts of the voluntary organisations and the charitable groups that are looking to do more to cure that disease. I believe that over the next few years we can make enormous strides forward, and I hope that both the charitable world and Governments can do so together.

Q3. [163658] **Mr. John Heppell** (Nottingham, East) (Lab): Does the Prime Minister agree that the British Government would be left isolated and without any credibility at all if, after ratifying a treaty on Europe that had the support of this House and another place, they then ignored the authority of Parliament and called for a referendum to renege on that treaty?

The Prime Minister: If Parliament ratified the European amending treaty and then other people decided that there should be a post-ratification referendum, that is the equivalent of renegotiating our membership of the European Union. I thought that Conservative Members—I know that 49 have signed a motion saying that there should be a post-referendum ratification—will look at the damage that that will do to business, to industry and to jobs in this country. They have found a new way of creating economic instability in our country, and I hope that the leadership of the Conservative party will desist from it.

Q4. [163659] **Miss Anne McIntosh** (Vale of York) (Con): Given the rising price of food and the impact that that is having on hard-pressed families and hard-pressed farmers, what is the Prime Minister intending to do to secure a steady supply of food for this country, at reasonable prices, but with a stable income for our farmers?

The Prime Minister: The first thing that I can say to the hon. Lady is that I met the National Farmers Union on Monday, and I will keep in regular contact with it. We cannot but be impressed by the resilience shown particularly by sheep farmers in the light of the difficulties that they have had to face, as a result of foot and mouth and other diseases. As for inflation and the effect on food prices, let me just say that it is only by running a stable and strong economy that we will keep inflation low and ensure that people's living standards can rise—and that demands that we continue to pursue the policies that have given us stability and growth over 10 years.

Stephen Pound (Ealing, North) (Lab): Further to the Leader of the Opposition's comments about honesty and transparency, may I ask my right hon. Friend the Prime Minister whether he thinks that it would be morally right or legally possible for a political party in this country to be funded by a person who was not a resident of the United Kingdom?

The Prime Minister: No, it should not happen.

Q5. [163660] **Mr. Greg Hands** (Hammersmith and Fulham) (Con): The Prime Minister will be aware that his predecessor spent considerable effort trying to have Hammersmith resident Hani Youssef extradited to Egypt. Mr. Youssef appears on the United Nations list of those associated with, or belonging to, the al-Qaeda organisation. Can the Prime Minister tell us why the Home Office is considering Mr. Youssef's indefinite leave to remain in the United Kingdom?

The Prime Minister: The hon. Gentleman has raised a question about an individual; I shall look at it and write to him.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Is the Prime Minister satisfied with our controls on the circulation of hate material in our schools, now that a copy of "The Protocols of the Elders of Zion" has been found in the King Fahad academy in London, after Ofsted gave that academy a clean bill of health?

The Prime Minister: When I make my statement in a few minutes, I will come to an issue about propaganda of an extreme nature, designed to inflame tensions within communities, being circulated in schools. The Secretary of State for Children, Schools and Families is proposing that a group of head teachers should be brought together to look at what we can do in those circumstances, and report back about how the circulation of this unfortunate material can be removed.

Q6. [163661] **John Hemming** (Birmingham, Yardley) (LD): In England in 2006, 4,160 children under five were taken into care and more than 60 per cent. of them—2,490—were adopted. However, in Scotland 574 left care and 373, roughly 64 per cent., went home to their parents. Can the Prime Minister explain why in England children under five who leave care get adopted, while in Scotland they go home to their parents?

The Prime Minister: Social work legislation in the two countries is, of course, different. I shall look at the figures that the hon. Gentleman has put before me. But as is known, we have made strenuous efforts to try to ensure that children in difficulty are given the proper upbringing, whether that is by returning to their parents or, where it is essential, by being fostered or adopted. I will continue to look at the matter, but the hon. Gentleman has to understand that social work practice in the two countries is different.

Chris Ruane (Vale of Clwyd) (Lab): The Airbus factory in north Wales is the largest and most expansive factory in western Europe. In the past 10 years, Airbus has taken on 1,200 apprenticeships; it is the biggest apprentice trainer in the UK. Does my right hon. Friend agree that apprenticeships, along with opportunities in further education and schools and in the private and voluntary sectors, are the key to giving our 16-year-olds the best chance and start for adult life?

The Prime Minister: I congratulate my hon. Friend on the growing numbers of apprentices in his constituency. Ten years ago there were only 60,000

apprentices in the country; now there are 250,000. Our aim is to raise that number to 500,000 over the next 12 years. That is the biggest expansion in educational training opportunity that the country has seen, and I hope that all parties will be prepared to support the diploma, the raising of the age to 18, the growth of apprenticeships, more young people getting to university, and, of course, the reform of the curriculum that we are bringing about. That is education reform that is genuinely giving educational opportunity to all.

Q7. [163662] **Peter Luff** (Mid-Worcestershire) (Con): What, precisely, has Lord Malloch-Brown done to deserve his grace-and-favour apartment?

The Prime Minister: Lord Malloch-Brown is a Minister of the Government, representing our country. With the experience that he brings from his previous role in the United Nations, he is helping in Darfur, Zimbabwe, Afghanistan and Pakistan. He is doing a great job for the Government.

Mr. Mike Hall (Weaver Vale) (Lab): On Monday this week, Ronald Castree was convicted of the murder of Lesley Molseed 32 years ago. That conviction was possible only because we have introduced a national database on DNA, which the Opposition parties voted against. What does my right hon. Friend have to say to Members of the House who have been talking tough on crime this week, but when it comes to voting in the House, do not back that talk up?

The Prime Minister: The use of DNA has increased convictions for rape by a very high number over recent years. I hope that all Members of the House will reflect on this new evidence, which shows that where we are able to bring people to justice as a result of the use of DNA, that justifies the legislation that we have brought before the House of Commons. I hope that we can gain all-party support for that in future.

Q8. [163663] **Mr. David Evennett** (Bexleyheath and Crayford) (Con): Will the Prime Minister join me in acknowledging the hard work of Bexley council, in partnership with Bexley police, in being tough on licensing issues in the borough? I know that he does not like answering questions, as we have already seen today in his responses to my right hon. Friend the Leader of the Opposition, but will he recognise the detrimental effect that his Government's Licensing Act 2003 is having on town centres in terms of antisocial behaviour, binge drinking and noise nuisance—and do something about it?

The Prime Minister: As the hon. Gentleman knows, a review of 24-hour licences is already under way. He may also want to know that I am meeting representatives of the retail industry over the next few days to talk about practices in relation to the selling and marketing of drink, particularly the dangers that befall teenagers as a result. I also want to meet representatives of the drinks industry to see what they are doing in relation to advertising and warning young people about the dangers of binge drinking. Yes, we will examine, as councils are examining, areas where young people congregate in numbers to drink, to see what can be done about that. I agree that we need to take action on this, and we are taking action.

Q9. [163664] **Mr. Dennis Skinner** (Bolsover) (Lab): Does the Prime Minister agree that although 1992 will always be remembered for being the year of Black Wednesday, it was also the year of the Heseltine pit closure plan, which marked the end of every pit in the Derbyshire coalfield? Since that time, with a strong economy, we have already got 3,000 jobs on the colliery sites. Next year, with the opening of junction 29A, there will be another 5,000 jobs. We have dragged the area from the depths of Tory degradation and brought a new lease of life to the coalfields. That is what separates us from the Notting Hill mob.

The Prime Minister: Sometimes Conservative Members are in danger of forgetting that under their Government 3 million people were unemployed; they must not forget that under this Government we have reduced unemployment by 1 million, 300,000 single parents have found work, and we are reducing the numbers of people on incapacity benefit. We can do this only because we have stability and growth in the economy—something that never happened when the Leader of the Opposition was the economic adviser to the Conservative Government.

Q10. [163665] **Mr. John Baron** (Billericay) (Con): The Prime Minister may be aware of a recent cross-party inquiry and report that examined whether our servicemen were put in danger's way when they were present at the British nuclear tests during the 1950s. Given that other countries have much better track records in recognising their duty of care to their veterans—including the US, which makes automatic compensation—will the Prime Minister meet me and the hon. Member for Norwich, North (Dr. Gibson) to try to progress this matter for the benefit of these dignified and loyal veterans?

The Prime Minister: I am grateful to the hon. Gentleman for raising that issue. Of course I will meet him and his hon. Friend—*[Interruption]*—I mean my hon. Friend. The Government recognise and are grateful to all servicemen who participated in the nuclear testing programme. Their service ensured that Britain was protected during the cold war. I have to say that well-documented procedures were in place to ensure the safety of participating servicemen, and most ex-servicemen were found to have had little additional exposure. However, if there is any new information to be brought to bear, I shall be happy to look at it.

Building Schools for the Future

Q11. [163666] **David Taylor** (North-West Leicestershire) (Lab/Co-op): What assessment he has made of the role of the private finance initiative in delivering the building schools for the future programme.

The Prime Minister: The selection of PFI as a procurement route for building schools for the future follows a detailed assessment using the Treasury's value-for-money guidance. Since 1997, 1,106 schools have been rebuilt or refurbished and £31 billion has

been invested. Investment through PFI has delivered 275 of those rebuilt or refurbished schools—in other words, 25 per cent.

David Taylor: The building schools for the future programme is welcomed by all parties, but half of the eventual £50 billion cost is being financed by inflexible PFI schemes with exorbitant annual costs of more than £2,000 million for 25 years or more. Will my right hon. Friend explain why local authorities have to take, on behalf of schools, risks over which they have little control? What costs will fall on the taxpayer if PFI schools prove not to be sustainable and have to be closed prematurely?

The Prime Minister: I have to tell my hon. Friend that his area of Leicestershire has benefited from £60 million of investment in projects in education, health and other areas. It simply would not have been possible to build or refurbish such a number of schools and hospitals without using the PFI model. It is because of PFI and the additional public investment we are prepared to make that we can look forward to every secondary school being modernised or refurbished, and a programme has now been brought in for primary schools as well. Of course, that would not have happened if we had followed the policies of the Conservatives, who want to cut investment in education and health.

Q12. [163667] **Mr. Simon Burns** (West Chelmsford) (Con): The Prime Minister has a justified reputation for striking fear into the hearts and minds of junior Ministers through his micro-control of everything that goes on in his Government and his control freakery. Why will he not answer the simple question asked by my right hon. Friend the Member for Witney (Mr. Cameron): when did he know about the problems in the Home Office?

The Prime Minister: This was a matter for the Home Secretary, who took all the action that was necessary, and she dealt with the problem in a calm, efficient and dignified way.

National Security

12.31 pm

The Prime Minister (Mr. Gordon Brown): In advance of the national security strategy, which will be published in the next few weeks, and following the statement by the head of MI5 about the potential threat from UK-based terrorists, I want to update the House, as I promised in July, on the measures we are taking at home to root out terrorism and strengthen the resilience of communities to resist extremist influences following the incidents of 29 June and 30 June. As everyone in this House knows, to succeed, those measures will require not just military and security resources but more policing and intelligence, and an enhanced effort to win hearts and minds.

First of all, let me thank the police, the security services and the armed forces for their vigilance, their service and their courage in facing up to the terrorist threat. The terrorist attacks in June revolved around an attempted bomb attack on a London venue where hundreds congregated, and a vehicle bomb attack on Glasgow airport. The conclusions today of the review by Lord West on the protection of strategic infrastructure, stations, ports and airports, and other crowded places, identify a need to step up physical protection against possible vehicle bomb attacks. That will include, where judged necessary, improved security at railway stations—focusing first on our 250 busiest stations most at risk—and at airport terminals, ports and more than one hundred sensitive installations.

The report proposes the installation of robust physical barriers as protection against vehicle bomb attacks, the nomination of vehicle exclusion zones to keep all but authorised vehicles at a safe distance, and making buildings blast resistant. While no major failures in our protective security have been identified, companies responsible for crowded places will now be given detailed and updated advice on how they can improve their resilience against attack, both by better physical protection and greater vigilance in identifying suspicious behaviour.

New guidance will be sent to thousands of cinemas, theatres, restaurants, hotels, sporting venues and commercial centres, and all hospitals, schools and places of worship, and it will include advice on training staff to be more vigilant. Up to 160 counter-terrorism advisers will train civilian staff to identify suspect activity and to ensure premises have secure emergency exits, that CCTV footage is used to best effect, and that there are regular searches and evacuation drills. From now on, local authorities will be required as part of their performance framework to assess the measures they have taken to protect against terrorism.

We will now work with architects and designers to encourage them to "design-in" protective security measures to new buildings, including safe areas, traffic control measures and the use of blast-resistant materials. For that advice, I am grateful for the recommendations of the hon. Member for Newark (Patrick Mercer), whom I thank for his work.

Following further work, we will report back soon on what more we need to do to strengthen security to protect against the use of hazardous substances for terrorist purposes.

Just as we are constantly vigilant about the ways in which we can tighten our security, we must also ensure that the travelling public can go about their business in the normal way. In the most sensitive locations, for example, some large rail stations—and while doing everything to avoid inconvenience to passengers—we are planning additional screening of baggage and passenger searches.

In the past few months at key airports, there has already been additional investment in new screening capacity and we have been able to review the one-bag-per-passenger rule. The Transport Secretary is announcing today that, as soon as we are confident that airports can handle the additional baggage safely, the restrictions on hand baggage will be progressively lifted. Starting with several airports in the new year, we will work with airport operators to ensure that all UK airports are in a position to allow passengers to fly with more than one item of hand luggage.

The security budget, which is £2.5 billion this year, will rise to £3.5 billion in 2011. Because of the terrorist threat, the size of the Security Service, which was under 2,000 in 2001 and is 3,300 now, will rise beyond 4,000. That is twice its size of 2001.

I can also report that we have now constituted dedicated regional counter-terrorism units, with, in total, more than 2,000 police and support staff. They are responsible for overseeing investigations into those who recruit terrorists and promote hate.

From the Home Office budget, from now until 2011, an additional £240 million will finance counter-terrorism policing, which is focused as much on preventing the next generation of terrorists as on pursuing current targets. That will include additional funding for further training of our 3,500 neighbourhood police teams to deal with radicalisation in their local communities.

The scale of our international effort is such that around £400 million in the next three years will be invested through the Foreign Office, the Department for International Development and the British Council to tackle radicalisation and promote understanding overseas. The Government will report back on action overseas with other countries to counter extremism when we launch the full national security strategy. I can also confirm that £70 million is being invested in community projects that are dedicated to countering violent extremism. So, in total, we are now investing nearly three times as much in security compared with six years ago.

In line with the measured way in which we responded to the terrorist incidents in June, we will seek only new powers that are essential to the fight against terrorism. The forthcoming counter-terrorism Bill, which will be introduced shortly, will include stronger sentences for terrorist-related offences and, where terrorists have served sentences, new powers for the police to continue to monitor their activities.

Asset-freezing is an important tool in the fight against terrorists buying weapons or using money for terrorist purposes. Sophisticated evidence gathering of financial transactions can both deny terrorists finance and locate the sources of terrorist plots. Current legislation makes it difficult for us to take preventive action, so the new Bill is intended to give new powers to ensure that we can use all available information to pursue those who finance terrorist attacks.

[The Prime Minister]

In addition to measures to process terrorist cases more efficiently and reduce the time between arrest and trial—including 14 new specially protected courtrooms—a single senior judge has been nominated to manage all terrorism cases. There will also be a single senior lead prosecutor in the Crown Prosecution Service responsible for cases relating to inciting violent extremism.

To ensure that we protect our borders and detect possible terrorist suspects, members of the new UK border agency will have the power, from January next year, to detain people not just on suspicion of immigration offences or for customs crime but for other criminal activity, including terrorism. Powers will also be given to airline liaison officers to cancel visas when justified.

In line with the statement that I made in July, there will be one single primary checkpoint for both passport control and customs. The UK border agency, which will have 25,000 staff in total, will now apply controls at points of entry and exit on people and goods, into and out of the UK, as well as working throughout the world. The new agency will enable us to transfer intelligence from UK operations overseas to those making visa decisions, and to check biometrics taken from visa applicants against criminal and counter-terrorism records. Further details of the new UK border agency, which has been welcomed by the Association of Chief Police Officers, are published in the Cabinet Office report issued today. This will go hand in hand with what is increasingly necessary: biometric visas for all applicants from March next year, biometric ID cards for foreign nationals introduced from the end of 2008 and a strengthening of the e-borders programme, with the contract to incorporate all passenger information awarded today.

With repatriation arrangements for foreign terrorist suspects agreed with Jordan, Lebanon and Algeria, work is under way with a number of additional countries, with a view to signing new agreements for deportations. In addition to the nine foreign nationals recently deported under immigration powers on grounds of national security, a further 24 foreign nationals are currently subject to deportation proceedings on national security grounds and 4,000 foreign prisoners are likely to be deported this year.

All faith communities in the UK make a huge contribution in all spheres of our national life. They are integral to our success as a society. And as we found, listening to all communities in and after June, the vast majority of people of all faiths and backgrounds condemn terrorism and the actions of terrorists. But the objective of al-Qaeda and related groups is to manipulate political and humanitarian issues in order to gain support for an agenda of murder and violence, and deliberately to maim and kill fellow human beings, including innocent women and children, irrespective of their religion. We must not allow anyone to use terrorist activities as a means to divide us or isolate those belonging to a particular faith or community.

To deal with the challenge posed by the terrorist threat we have to do more, working with communities in our country, first, to challenge extremist propaganda and support alternative voices; secondly, to disrupt the promoters of violent extremism by strengthening our institutions and supporting individuals who may be being targeted; thirdly, to increase the capacity of communities to resist and reject violent extremism; and fourthly, to address issues of concern exploited by ideologues, where by emphasising our shared values across communities we can both celebrate and act upon what unites us. This will be achieved not by one single programme or initiative and it will not be achieved overnight. It is a generational challenge that requires sustained work over the long term, through a range of actions in schools, colleges, universities, faith groups and youth clubs, by engaging young people through the media, culture, sport and arts, and by acting against extremist influences operating on the internet and in institutions from prisons and universities to some places of worship.

As part of our intensifying measures to isolate extremists, a new unit bringing together police and security intelligence and research will identify, analyse and assess not just the inner circle of extremist groups, but those at risk of falling under their influence, and share their advice and insights. Building on initial roadshows of mainstream Islamic scholarship round the country, which have already attracted more than 70,000 young people, and an internet site which has reached far more, we will sponsor at home and then abroad, including for the first time in Pakistan, a series of national and local events to counter extremist propaganda. The next stage will draw upon the work commissioned by the Economic and Social Research Council, King's College and the Royal Society for Arts on how best to deal with radicalisation at home and abroad.

One central issue is how to balance extremist views supporting terrorism that appear on the internet and in the media. The Home Secretary is inviting the largest global technology and internet companies to work together to ensure that our best technical expertise is galvanised to counter online incitement to hatred. I also welcome the decision by the Royal Television Society and the Society of Editors to hold a conference on how to ensure accurate and balanced reporting of issues related to terrorism in the media. To ensure that charities are not exploited by extremists, a new unit in the Charity Commission will strengthen governance and accountability of charities.

A specialist unit in the Prison Service will be tasked with stopping extremists using prison networks to plot future activities. And because young people in the criminal justice system are especially vulnerable to extremist influence, we are making further funding available through the Youth Justice Board, the National Offender Management Service and the many voluntary agencies that work with young people to support young people who may be targeted for recruitment by extremist groups. Following evidence that some of those involved in promoting violent extremism have made use of outdoor activity centres and sports facilities, we are working with Sport England to provide guidance for the sector to ensure that, where possible, these facilities are not abused. Backed up by a new website to share best practice, a new board of experts will advise local authorities, local councillors and local communities on tackling radicalisation and those promoting hate.

We have had mosques in the UK for more than 100 years, serving local communities well. These communities tell me that mosques have a much wider role, beyond their core spiritual purpose, in providing services, educating young people and building cohesion, and the majority already work very hard to reject violent extremism. As the newly constituted Mosques and Imams National Advisory Body recognises, however, the governance of mosques could be strengthened to help to serve communities better and to challenge those who feed hate. Our consultations with Muslim communities emphasise the importance of the training of imams—including English language requirements—and the Secretary of State for Communities and Local Government will be announcing an independent review to examine, with the communities, how to build the capacity of Islamic seminaries, learning from other faith communities as well as from experience overseas.

In addition to updated advice for universities on how to deal with extremism on campus, the Secretary of State for Innovation, Universities and Skills and the Minister for Lifelong Learning, Further and Higher Education will invite universities to lead a debate on how we maintain academic freedom while ensuring that extremists can never stifle debate or impose their views. We will also consult on how to support further education colleges as well as universities.

The Secretary of State for Culture, Media and Sport is working with the Museums, Libraries and Archives Council to agree a common approach to deal with the inflammatory and extremist material that some seek to distribute through public libraries, while also of course protecting freedom of speech.

We know that young people of school age can be exposed to extremist messages. The Secretary of State for Children, Schools and Families will be convening a new forum of head teachers to advise on what more we can do to protect young people and to build bridges across communities. To ensure that young people have the opportunity to learn about diversity and faith in modern Britain, we will work in partnership with religious education teachers to promote the national framework for teaching religious education in schools, including making sure that children learn about all faiths. An advisory group will work with local communities to support the citizenship education classes run by mosque schools in Bradford and elsewhere. I can announce that one essential part of this will be to twin schools of different faiths through our £2 million school linking programme, supported by the school linking network.

I am also announcing today a youth panel to advise the Government, learning from youth projects in different parts of the country which all enable young people to debate and discuss issues of concern, as does the work of the Youth Parliament, which has been running debates.

We are sponsoring and encouraging a series of national and local mentoring programmes for young people, including a business in the community Muslim mentoring programme, new leadership training, and local youth leadership schemes in Blackburn, Waltham Forest, Leeds, and in partnership with Tottenham in Haringey. After discussion with Muslim women, a new advisory group has been set up by the Secretary of State for Communities and Local Government, which will advise on the access of women to mosques and their management committees.

It is by seeking to build on shared interests and shared values that we will isolate extremists and foster understanding across faiths. Following the recent remarkable letter by 138 Muslim scholars from a diversity of traditions within Islam, which paid tribute to the common roots of Islam, Christianity and Judaism and called for deeper dialogue, we stand ready to support new facilities for multi-faith scholarship in Britain. A Green Paper will be published to encourage inter-faith groups to come together in every constituency of the country. I am also inviting the Higher Education Funding Council to investigate the idea of setting up in Britain a European centre of excellence for Islamic studies.

We will have joint work with the French and German Governments on building an appreciation of the Islamic and Muslim heritage across Britain and Europe. Arts Council England, the Tate gallery, the Victoria and Albert museum and the British Library will all be taking forward projects to promote greater understanding. And, just as the British Council is connecting young people across the world through school twinning and volunteering exchanges, I am announcing that we will finance a rising number of young people from all faith communities to volunteer overseas.

The intercept review will report in January. We believe that consensus now exists on post-charge questioning, and the Home Secretary is beginning a new round of consultations with parties and communities on detailed proposals on pre-charge detention, on which we believe that we can establish an all-party consensus. There is no greater priority than the safety and security of our people, and building the strongest possible relationships across all faiths and communities. I believe that it is possible, through the actions that we are proposing, to build a stronger consensus in Britain that will both root out terrorist extremism and build more vibrant and cohesive communities.

I commend this statement to the House.

Mr. David Cameron (Witney) (Con): First, let me welcome the Prime Minister's statement. I am absolutely convinced that the terrorist threat we face today is of a completely different order from those we have faced in the past. As a nation, we need the hard-nosed defence of our liberties. The Prime Minister started by mentioning his national security approach and I have to say that we back it. We back the idea of a national security strategy and a national security committee. They were all proposed and adopted in our policy review earlier this year.

As I listened to the statement, I noted a number of good ideas—from school twinning and a mosque commission to post-charge interview—that I am glad to say the Prime Minister has adopted. We are delighted that we are providing those good ideas and that the Prime Minister is taking them on. I have to say that there is one slight difference on the Opposition side: when we have good ideas, I do occasionally allow other Front-Bench Members to announce them. Perhaps that is another good idea for him to take on.

[Mr. David Cameron]

On the broader issues of security raised in today's statement, we have three particular areas of concern. First, on securing our borders, the Prime Minister talks about a border force. Will he confirm that his proposals do not include the police, so it cannot be a proper border police force, which is what we want to see? Specifically, can he tell us whether the new force will have new powers or will it have to rely on existing powers? Similarly, will it have new money or will it have to rely on existing budgets?

The second area of concern is counter-terrorism. As I said, we welcome the Government's adoption of our proposal that it should be possible to question suspects after they have been charged. The Government have also agreed to our suggestion of a review into the use of telephone tap evidence in court. I know that the review is taking longer than expected, but will the Prime Minister confirm that there will be scope for its conclusions to be included in the terrorism Bill when it comes before the House?

Taken together, the introduction of those two measures—post-charge interview and the use of telephone tap evidence—should, we believe, relieve the need for holding terrorist suspects for more than 28 days without charging them. On that subject, can the Prime Minister explain what happened this morning? At 8 o'clock, his security Minister, Admiral West, said on the radio, and I quote:

"I still need to be fully convinced that we absolutely need more than 28 days".

Those were his words. One hour later, he said, and I quote again:

"My feeling is, yes, we need more than 28 days".

Can the Prime Minister tell us what happened this morning? People will conclude two things: first, that Admiral West was leant on; secondly, and more worryingly, will not the episode confirm in some people's minds that when it comes to this vital and important debate, the Government are not so much concerned with the evidence as with the politics? Does not that desperately need to change?

Turning to Admiral West's review, we welcome his proposal on security at railway stations, airports, sport stadiums and shopping centres. Given what happened on 7/7, can the Prime Minister tell us what specific steps are being taken to safeguard London underground? Can he tell us whether the cost of guarding key sites will be met from the single security budget?

More generally—this is something that the Prime Minister did not say, but I am sure that he believes it—does he agree with me that safeguarding our country against terrorism is actually a matter for all of us and not just the Government, the police and the security services? It remains the case today, as it has always been, that if we are to win against the terrorists, everyone has to be vigilant and to play their part.

In a wide-ranging statement, the Prime Minister covered a number of specific areas, so may I throw out some specific questions? On the single security budget, the Prime Minister talks about extra money for counter-terrorism policing. Can he clarify—I have asked the question before, but have not had an answer—whether the single security budget covers special branches up and down the country that will do vital work in fighting terrorism?

On asset freezes, the Prime Minister says that more needs to be done on legislation. He had responsibility for that area as Chancellor for 10 years and he often told us how much had been done. Can he now tell us in more detail about the weaknesses in the system over which he presided?

On deportations, I very much welcome the progress report on the subject. The Prime Minister spoke about the need to deport those who put our national security at risk. Does he agree that we have got to will the means as well as willing the end? If he is advised that the Human Rights Act gets in the way of deportation, will he agree to its replacement?

On mosques, does the right hon. Gentleman agree that we need to be absolutely clear that new imams coming to Britain should be able to speak English? Other countries such as Germany have taken steps to ensure that imams coming from abroad can speak the national language. Can he be specific and say whether he agrees with that?

On the new border agency, he says that the new agency will enable the Government

"to transfer intelligence from UK operations overseas to those making visa decisions".

I have to ask him whether that does not happen already—and, if not, why not?

The final area of concern that I want to address is the battle for hearts and minds. In his article in *The Sun* this morning, the Prime Minister rightly talks about the need to

"isolate Islamic extremists who... seek to manipulate and divide our society."

He is right, but will the Government recognise that in order for that to happen, it is necessary to ban extremist groups like Hizb ut-Tahrir and Hezbollah, which do so much to foment violence? Will the Prime Minister make certain that none of the £6 million of grants from the Department for Communities and Local Government made available under its preventing violent extremism programme is going to groups within the Muslim community that have extremist or separatist agendas? So that we can check that, will he put the record of the grants in the House of Commons Library?

In that context, can the Prime Minister explain why his Government have allowed extremists from abroad, such as Yusuf al-Qaradawi, Delwar Hossain Sayeedi and Matiur Rahman Nizame, into Britain? Finally, is he aware that the Irish Government recently refused entry to Ibrahim Moussawi, head of Hezbollah's viciously anti-Semitic TV station, Al-Manar? What approach will the Government take when Moussawi attempts to enter the UK to speak at a conference in early December? I would like an answer on that.

In fighting extremism and terrorism and in securing our country, the Prime Minister will have the support of Opposition Members, but the national security strategy that we need must not only be right in theory, but effective and competent in its implementation. There is much in the statement that we support, but there is a lot of generalisation. Will the Prime Minister accept that tough action on deportation, on extremist

groups and on banning preachers of hate is necessary at the heart of this strategy if it is really going to deliver?

The Prime Minister: I am grateful to the right hon. Gentleman for itemising the areas where the Opposition will support the Government in the legislative and administrative actions that we are taking. In respect of the particular named individuals that he mentioned, I will write to him specifically about them. As for grants to individual organisations, we will try to make available all the relevant information and place it in the House of Commons Library.

The right hon. Gentleman raised some specific points. On intercept, let me say that, at the request of the reviewers, the review will be completed in January. The Home Secretary wrote to her counterpart this morning about that, clarifying that the reviewers requested more time. The report will be available in January and it will then be possible for any amendments based on it to be included in the counter-terrorism Bill.

We are exactly agreed on the matter of imams speaking English. The right hon. Gentleman's point about London underground is contained within our recommendations.

On the border agency, I have to tell the right hon. Gentleman that there is a debate about the role of the police in it. The Opposition believe that the police should be fully integrated into that agency but that raises issues which we must consider. It would create a national police force in place of local police accountability, which would change the nature of policing in this country. The Opposition should know that there is some opposition to that from some of the major police forces in this country and I believe that we should consider those issues carefully before making a final decision.

I can tell the right hon. Gentleman that the border agency will have new powers, which are set out in the detailed document—the O'Donnell report—published today. It will have the funding necessary to do the job and I have already mentioned that it has a staff of 25,000. People who were doing different jobs in different areas are now being brought together and they will have additional powers to stop terrorists coming into the country. In charge of the agency will be a joint Treasury and Home Office Minister. The Home Office will be responsible to the House for the agency, but all the details are set out in the document published today.

Let me deal with the issue of Hizb ut-Tahrir, Hezbollah and other associated organisations. I said to the right hon. Gentleman in the summer that if he had any evidence to bring to bear on the matter, he should send it to me. I have looked as carefully as I can into the circumstances of those groups. Even many of those who have left the groups and feel that they should be exposed are of the view that exposing them is not the same as banning them altogether. Maajid Nawaz, who talked about the matter on "Newsnight", said:

> "My ideal scenario would be not to ban the party but it would be that through the...power of discussion and persuasion that eventually the party would fizzle out in this country".

There are divided views on the issue, but we must take into account whether, in banning an organisation, we would win an appeal in the courts as a result of that. I will keep all those matters under review, and will be happy, as will the Home Secretary, to consider any evidence brought to bear.

I welcome the fact that there is common ground on considering the issue of intercept. I also welcome the fact that we are near to an understanding of the common position of the parties on post-charge questioning.

When the House last discussed pre-charge detention, I referred to the fact that the shadow Home Secretary had said previously that he recognised that it might be necessary to go beyond 28 days in certain circumstances. I also quoted Liberty, which has published documentation saying that it could envisage going beyond 28 days in certain circumstances. Knowing the complexity of investigations, the danger of multiple plots, that people who are arrested usually have many false identities, false passports and false bank accounts, and that the investigation into such cases can take a great deal of time before a charge can be put, the issue is: in what circumstances can there be common agreement that it might be necessary and allowable to go beyond 28 days? Contrary to what the Leader of the Opposition said a few minutes ago, I believe that there is scope for agreement on that.

Let me tell the right hon. Gentleman that on 17 July on the radio Admiral West said:

> "The scale of the whole thing is quite dramatic. Looking at the complexity of this, there will be occasions when we need more than 28 days".

According to *The Times* on 25 July, Lord West was backing call for terrorist suspects to be locked up, and according to *The Times* on 5 November, he was also saying that,

> "there was a need to extend the 28-day limit on detention".

As the right hon. Gentleman well knows, Lord West has also said today that he favours going beyond 28 days.

The debate on 28 days should take into account what Lord Carlile has said:

> "I expect in the course of time to see cases in which the maximum of 28 days will be proved inadequate".

Contrary to the views currently expressed, I believe that many Opposition Members will recognise that achieving a consensus on the circumstances in which it might be necessary to move beyond 28 days would be in the interests of the whole country. It would make no sense, however, to declare an emergency the minute that one case had to be taken beyond 28 days. That would provide oxygen to terrorism, which no one in the House would want.

A range of measures are necessary to counter terrorism, and we are considering how to take a long-term view about winning hearts and minds in this country. I hope that all Members will understand, however, that whether in relation to prisons, universities, colleges or schools, or the future of mosques and the training of imams, we must consider each of those areas to see how we can build deeper understanding in our country across communities, and together root out terrorist influences that would undermine our society.

Dr. Vincent Cable (Twickenham) (LD): I add my welcome to the statement. I totally agree with the Prime Minister that, as far as possible, we should proceed on national security issues on the basis of political consensus. As someone who once worked in government alongside the intelligence and security services, I have always respected their professionalism and the need for them to be properly supported.

There is already a great deal of consensus and progress on areas where we have common ground. We welcome the progress made on post-charge questioning. Many of the ideas put forward by Lord West on building design seem, at first sight, eminently sensible and worthy of support. The Prime Minister has reported the progress on intercept evidence, for which we have argued. We have also long argued for a unified border force, and share the concern expressed about the lack of integration with the police and the danger of two forces working in parallel. Perhaps he will set out what the O'Donnell report concluded on the matter, so that we can make progress.

Pre-charge detention remains our main concern, and the issue is not separate from that of confidence in the minority communities, about which the Prime Minister spoke at length, because it is of great concern to them. On the issue of all-party consensus, there is already substantial consensus that we should not proceed beyond the present 28 days. That consensus embraces both Houses of Parliament, the Home Affairs Committee, the Joint Committee on Human Rights and many bodies outside. Let me quote to him the evidence of Rachel North, one of the victims of the 7/7 bombing, who had no party political axe to grind and summarised the situation admirably:

"I have not seen anything that convinces me that longer than 28 days is needed to stop people such as...Mohammed Sidique Khan...detonating his bombs in the future...it's fundamentally important to us as a country that we do not hold people without them knowing what they're being charged with and why".

Does the Prime Minister agree that the decision on the issue must be evidence-based? Is it not the case that of the 1,143 arrests under the Terrorism Act 2000, it has not been argued seriously in a single case that extended detention would have helped in their prosecution? Has not the Home Secretary acknowledged in parliamentary testimony that there has not yet been a single case that would have been helped by an extended period of detention?

Does the Prime Minister agree that comparative experience is highly relevant, and that other countries with experience of dealing toughly with terrorism do not have such long periods of pre-charge detention? The United States has, I believe, two days, Turkey has seven and Spain has five. Why is Britain so fundamentally different in those respects?

Finally, I want to ask the Prime Minister a series of specific questions, some of which are on issues that he touched on in his statement. First, on control orders, the previous Home Secretary acknowledged that the system was full of holes and that six of the controlees had absconded. Is the system to be preserved or scrapped, as it does not seem to work?

Does the Prime Minister accept the growing volume of opinion that additional plea bargaining in terrorist cases would be useful to enable a wider range of witnesses who are peripheral to terrorist organisations to give evidence in court?

Can the Prime Minister update us on the police radio issue, as there are reports that police radios still do not work in parts of the underground system and in many tall buildings? Will he indicate what progress has been made on that?

Will the Prime Minister give us a report on the review of the relationship between MI5 and MI6? Clearly, they are distinct organisations with distinct mandates, but what has been done to improve information flow and co-operation between them?

In relation to international co-operation, will the Prime Minister update us on his comments on 25 July about the co-operative work with President Sarkozy and the Germans on terrorism in Europe? Has that work advanced? In view of the crucial importance of cross-border co-operation, does he think that it was perhaps premature to have achieved an opt-out from the European treaty provisions in relation to counter-terrorism?

The Prime Minister: I am grateful to the hon. Gentleman, and welcome the fact that he has supported most of what was contained in the statement.

On control orders, yes, we continue to use them, and their use was upheld in the courts recently. As for plea bargaining, that is allowed. On the police radio, the Airwave system is now being spread out across the forces, and considerable investment has been made.

Co-operation with the French and German Governments is moving forward, and there is an attempt not just to have cross-border co-operation on immediate terrorist issues but to find a way to encourage a European Islamic scholarship across the countries of Europe.

International co-operation will form part of the greater detail of the national security strategy. As for the national border agency, a detailed report published today sets out the relationship between the immigration and customs services, and all the work being done at the moment. The most important consideration is that those who work at the single point of entry have power not just to deal with the traditional cases with which they have had to deal in their own areas, but to stop people for reasons related to terrorism and take action.

The hon. Gentleman raised, primarily, the question of the 28-day limit. I understand that the Liberal Democrats have taken a strong view on the matter, although Lord Carlile, the independent reviewer and a member of the Liberal Democratic party, has stated categorically that in the work he has done he has accepted the need for further days at some point. He says that there will be

"cases in which the maximum of 28 days will be proved inadequate".

The hon. Gentleman raised the issue of what evidence we had. At the time of the last airline plot the police had to deal with 400 separate computers and 8,000 discs, including compact discs and DVDs. They had to deal with people with false identities and false passports

who were operating from numerous addresses with numerous bank accounts. Sometimes it is difficult in the first instance to know exactly who has been arrested.

I have had the same experience as Home Office Ministers and police in relation to the freezing of terrorist assets. I did not answer a question from the Leader of the Opposition about why asset-freezing required new powers. The availability of information and the ability to use it in one's defence in the courts if challenged has been the central issue in regard to asset-freezing over the past few years, and that has made it more difficult for us to do the things that we need to do.

I hope that, over time, the Liberal Democrats will come to accept that there are instances in which it may be necessary for people to be detained beyond 28 days. In such instances, there would be full safeguards that would include not just the approval of a judge but the involvement of the Director of Public Prosecutions before any action was taken, and a proper report to the House of Commons and a study by the independent reviewer so that people would know what was happening in each specific instance. It seems to me that in such cases the issue is not the arbitrariness of the procedure, because we are protecting against that, but whether we are satisfied that there are occasions on which either multiple plots or complex investigations will require more than 28 days' detention.

There is one point on which I disagree with the hon. Gentleman. It is not possible to make an exact comparison between the legal and policing systems of all countries. I think the hon. Gentleman will agree that under the British system, people who are arrested are brought to court very quickly. That is not the case in other countries. When the figure of 20, 30 or 15 days is used in those countries, it sometimes relates to the time that it takes to bring people to court in the first place. Under the British system people are brought to court early, and the safeguards that we are trying to incorporate will require a judge constantly to determine whether a detention is still justified.

Mr. Paul Murphy (Torfaen) (Lab): My right hon. Friend rightly put dealing with the radicalisation of young people at the centre of his statement. He said that there would be much more co-ordination between Departments. Given that a great deal of radicalisation takes place outside the cities of Westminster and London, can he reassure us that there will be proper co-ordination between the devolved Governments of Northern Ireland, Wales and Scotland, between local authorities and Government, and between the security services and the special branches? I consider that to be an extremely important way of dealing with radicalisation.

The Prime Minister: I am grateful to my right hon. Friend, who chairs the Intelligence and Security Committee. Both he and his Committee have made valuable proposals to which the Government have listened very carefully, and we will continue to listen to the advice that he and his colleagues give.

My right hon. Friend referred to the devolved Administrations. When the Cabinet organisation that deals with emergencies of this kind convenes, it will normally include representation from the devolved Administrations in Scotland, Wales and Northern Ireland. In particular, when we are dealing with the need for co-operation in both policing and other areas connected with terrorism, the involvement of those Administrations is not just important but essential. That will continue to be part of what we do.

Patrick Mercer (Newark) (Con): The Prime Minister talks of achieving consensus on the 28-day limit, and I could not agree with him more. He talks of a series of sensible precautions that would be taken if the limit went beyond 28 days, and I could not agree with him more. The fact remains, however, that if we do go beyond 28 days, whatever the realities of the situation, our enemies will brand it as internment. We will be passing them such a powerful tool. May I beg the Prime Minister to look at the lessons of history, and not to walk into this ambush?

The Prime Minister: I thank the hon. Gentleman for the work that he did alongside Lord West in identifying some of the areas in which protective measures must be strengthened, and will be strengthened as a result of that work. He identified not only the London underground, which has already been mentioned, but the way in which, particularly in new buildings, we can design out some of the flaws that we have detected when examining what has happened in relation to some terrorist incidents.

The hon. Gentleman raised, with some passion, the issue of the 28 days and the message that we send to other countries. I could not agree with him more that our ability to defend our liberties when faced with a terrorist threat is crucial both to the message that we send to ourselves about the health of our society, and to the message that we send around the world that we will not be blown apart by terrorist activity in our country and will not give in to it. I must tell the hon. Gentleman, however, that proposals even from his party envisage our going beyond 28 days in certain circumstances.

The issue for me, which I think will increasingly be the issue for everyone, is this. I believe that if it is possible to protect against arbitrary treatment of individuals in the context of complex and sophisticated investigations by ensuring that the police are responsible to the courts and perhaps even to the Director of Public Prosecutions, that Parliament is involved at some stage, that there is a report on individual instances from an independent reviewer or any other body chosen by the House and that every instance in which we go beyond 28 days is properly investigated and analysed, in a sense we will design out the arbitrariness in the system, and also send a message about the importance that we attach to people being treated fairly even when they are suspected of terrorist offences.

This is a debate that we will continue to have. I do not believe that the issue is one of principle, because the Opposition have already conceded that there are circumstances in which we may have to go beyond 28 days. The issue is whether we can secure agreement on the individual detail of the circumstances in which, with proper protection, that would be justified.

Mr. David Winnick (Walsall, North) (Lab): I hope that my right hon. Friend and the Home Secretary will find time to read the evidence that Rachel North gave

[Mr. David Winnick]

the Home Affairs Committee yesterday. As a survivor of 7/7, she is very much opposed to any extension of the 28-day limit.

Does my right hon. Friend agree that one of the most essential things that we should be doing is exposing a notorious lie propounded by the hate merchants and racists—a very small and unrepresentative section of the Muslim community—who say that Britain is the enemy of Islam? Did we not go to war in 1999 to stop the ethnic cleansing of Muslims, a war that was very unpopular in some quarters but was fully justified? Is it not a fact that, time and time again over the last 40 years, we—certainly Labour Members—have fought against any form of discrimination against our fellow citizens, whether they are Muslims, blacks, Hindus or Sikhs? Is that not something of which we should be proud?

Mr. Speaker: Before the Prime Minister answers, I remind Members that there is a time limit on Back-Bench speeches in the debate later today because so many Back Benchers wish to speak. I do not expect speeches now; hon. Members must put questions to the Prime Minister.

The Prime Minister: My hon. Friend is absolutely right. He asked me to look at the evidence that was given to the Home Affairs Committee yesterday, and I will do so as we continue our debate on the very issue that he raised. As for the links between us and the Islamic religion, we should take the most recent statement by Muslim scholars very seriously indeed. That showed a determination to find common ground between the Islamic faith, Christianity and Judaism. I believe that those scholars requested that there be a proper dialogue between the faiths. That would yield a far greater understanding than exists at the moment. Over time, that would have a huge influence, particularly on young people in our country and other countries. I hope that we can join together in that activity.

Mr. Michael Mates (East Hampshire) (Con): If and when proposals are brought forward to extend pre-charge detention, will the Prime Minister ensure that the mistake that was made last time is not repeated? Neither the police nor the Government or anyone else made out the case properly for the extension that was required. While many of us know that there are some pressing arguments in favour, to set against perfectly proper libertarian ones, unless and until those are fully explained, as the Prime Minister is starting to do now, they will not be acceptable to the House.

The Prime Minister: It is precisely for the reasons that the right hon. Gentleman suggests that people must be sure of the evidence, the ground on which the proposal has been considered and the detail of it, in so far as how it protects the civil liberties of the individual. I have been anxious that there be a proper debate, both here and outside the House, on that very matter. In the interests of a common front in the fight against terrorism, I am anxious that, wherever possible, we can find consensus on that issue. There is new evidence about the sophistication, the complexity and the international nature of those cases. No one looking at, for example, the airline plot or at other investigations, including even the June investigations, is under any illusion but that we are dealing with contacts with large numbers of people in different continents. No one is under any illusion, either, but that we are dealing with sophisticated technological evidence that would have to be analysed in great detail. The question is whether we can provide sufficient safeguards so that individual liberties are protected and arbitrariness is avoided in circumstances where it may be necessary—I think that that is acknowledged in principle, although people are worried about the effect in practice—to go beyond 28 days. Therefore, I thank him for his question because that is exactly the way the debate should happen.

Lyn Brown (West Ham) (Lab): I thank the Prime Minister for his statement. I had a consultation with members of the Muslim community in my constituency a few weeks ago and their messages were clear. First, they revile terrorism and all those who promote hate within our communities. They welcomed the perceived change of tone by the Government towards the Muslim communities over past months. I believe that there is much in the statement today that they would welcome. However, they continued to voice concerns about pre-charge detentions. May I urge the Prime Minister to continue to have dialogues with real members of the community, not organisations that purport to represent them, so that we can work together towards the common aim of peace and security in this country?

The Prime Minister: It is because of the points that my hon. Friend has raised that the debate about pre-charge detention must go beyond the House and into the communities, where people will want to take an attitude and a view on that issue. There have been five regional seminars already where those issues have been aired. The debate on that will continue over the next few weeks and months. I hope that, in her community as well as in others, people will see that we are determined to protect the civil liberties of the individual.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): Many of us on the Conservative Benches who might well be persuaded were evidence to be provided about an extension of pre-trial detention are bemused by the way in which the Government have gone about initiating—that is the word that is used—that debate. We have seen absolutely nothing that suggests the reason why, in the Prime Minister's words, there is a need for a debate, let alone for an extension. He talked about computer problems, checking on finance and all those other things, yet in no single case has there had to be an extension beyond 28 days. Will he please now stop the ludicrous discussion and put on the table the specific cases where we needed to go beyond 28 days?

The Prime Minister: It is not lawful to go beyond 28 days. Therefore, it is not possible to detain someone beyond 28 days without declaring a state of emergency in this country. It is hardly surprising, therefore, that no case has gone beyond 28 days before the charge has been made. In the next stage of the debate, I will be

happy to put forward some of the evidence that has been available to me, but I ask the right hon. Gentleman to look, as he would wish to do, at the more sophisticated, complex and internationalised nature of the investigations that police have to conduct. Ken Jones, president of the Association of Chief Police Officers, said:

"Investigators are facing an unprecedented international dimension in terrorism cases and the necessary enquiries to ensure public safety have a time dimension to them that is not catered for within the existing timescales."

That is only one of the senior police officers who have made their views known. Lord Carlile, the independent reviewer, made his view known.

Keith Vaz (Leicester, East) (Lab): I warmly welcome the proposals, which serve to protect the public and prevent terrorism. Is the Prime Minister satisfied that centrally there are the mechanisms that will benchmark the delivery agencies? On 28 days, the Government's approach has been open and transparent. The Select Committee on Home Affairs has not completed its investigation. If there is any further evidence that Ministers have that perhaps the Select Committee does not have, will he share that information with the Committee, so that we can better inform Parliament of our decisions?

The Prime Minister: Of course. I welcome the fact that my right hon. Friend's Committee has an open mind on those issues and is looking at the evidence that is brought before it by many people, including a large number of people from the Muslim community. Of course we will endeavour to furnish him with what information is available, but at some point, of course, we will have to reach a decision.

Mr. Andrew Mackay (Bracknell) (Con): Why did the Prime Minister's Security Minister, Admiral West, say on the "Today" programme this morning that he would need absolute proof before supporting any extension of the 28-day limit, and then completely change his mind an hour later?

The Prime Minister: Lord West was asked whether he was convinced of the need for more than 28 days' detention, to which he replied:

"I am personally convinced there is...I personally absolutely believe that within the next two or three years we will require more than that for one of these complex plots."

That was in the interview on BBC News 24 this morning.

Mark Durkan (Foyle) (SDLP): I thank the Prime Minister for his statement and ask him to consider a couple of points from an Irish dimension. The Cabinet Office report "Security in a Global Hub" describes the current situation in relation to the common travel area. Will he assure us that there will be best engagement, with both the Irish Government and the Northern Ireland Executive, on how people travel and how they are treated in comparison with other citizens of these islands? That is a matter of sensitivity to everyone, north and south.

Will the Prime Minister also assure us that the Government are learning the lessons of the counter-productive effects of counter-terrorism legislation in the past in this country? He rightly says in his statement that al-Qaeda will try to manipulate humanitarian and political issues. The form and length of detention is one of the things that it will try to manipulate. It will also try to manipulate the impression that some people in the Muslim community are being ghettoised and others are being patronised. I ask the Prime Minister perhaps to consider how he presents the community, schools and youth measures that he has talked about today.

The Prime Minister: That is exactly why the Home Secretary and the Minister for Local Government are trying to reach out to communities with a number of initiatives that will involve Muslim women, young people, schools, madrassahs and mosques in discussing the very issues that the hon. Gentleman is talking about. We are determined not just to root out those who are extremists but to build understanding between young men and women of the different faith communities in this country. While the individual measures that we have outlined today may in each of the different areas seem specific, taken together, they amount to a strategy to prevent people from falling prey to terrorist influences in this country.

The hon. Gentleman's first point was about the relationship with the Irish Government on issues related to that. I can assure him that a strategy is being worked out with the Irish Government on those issues.

Angus Robertson (Moray) (SNP): The Prime Minister is well aware of the speedy and effective response to the Glasgow airport attack by the Scottish Government and law enforcement agencies. I think he is aware that both the Scottish National party and Plaid Cymru are continuing discussions with the Home Office on the detention issue. On today's report, will the Prime Minister confirm that, for the plans to work north of the border, they will have to include specific efforts by the Scottish Government, the Justice Department, the Scottish police, the Scottish Crime and Drug Enforcement Agency and the Scottish Environment Protection Agency? Will he give a commitment that the Westminster Departments will continue to work effectively with the Scottish Government and their agencies to help to combat and to deter attacks and to provide the security and safety that we all want?

The Prime Minister: Of course we will work with all the agencies in Scotland and every part of the United Kingdom that have a role to play, but I should remind the hon. Gentleman before he runs away with himself that terrorism and counter-terrorism is not a devolved issue; it is an issue for this United Kingdom Parliament.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): On the 28 days question, the Prime Minister refers to the views of Liberty in a way that will surprise many, not least the organisation itself. Is it not the case that Liberty's precise view is that in the unlikely event of there being multiple—three or four, perhaps—terrorist attacks on the mainland, the Government do

[Ms Diane Abbott]

not need new powers as they already have the necessary powers for that remote set of circumstances? Is it not the case that Liberty remains adamantly opposed to any extension of pre-charge detention beyond 28 days, both on principle and for the pragmatic reasons that have been raised in the House?

The Prime Minister: But I have to tell my hon. Friend that the difference between us is not that Liberty says that there are no circumstances in which we might have to go beyond 28 days. There is not a disagreement in principle on that. The issue is that if we had to go beyond 28 days Liberty suggests—as does the Conservative party—that we would have to declare a state of emergency. I do not believe that it would be a good thing for a terrorist group to be given the oxygen of publicity by us having to declare a state of emergency in order to investigate it. It is not an issue of principle that divides us on this matter. The issue is this: in a case where the police might need more than 28 days, what are the practical circumstances in which Parliament could accede to that without declaring a state of emergency and subject to the protection of the civil liberties of the individual, reporting to Parliament and going through an independent judge?

Mr. Gregory Campbell (East Londonderry) (DUP): May I offer the support of my colleagues and myself for many of the measures attempting to thwart international terrorism that the Prime Minister has outlined? I ask him, however, to do two things. First, will he have discussions with the First Minister in Northern Ireland and the Prime Minister of the Irish Republic in order to prevent access to the Irish Republic by international terrorists who would use it as a base to launch attacks in mainland UK? Will he also ensure that the travelling public in Northern Ireland are able to continue to go about their business in a normal way—that people will continue to be able to travel between Northern Ireland and Great Britain as between Scotland and Wales and the capital city of London?

The Prime Minister: The hon. Gentleman is absolutely right. We want the maximum freedom of movement. I will continue my friendly discussions with the First Minister in Northern Ireland, and I have already raised these issues with the Taoiseach.

Fiona Mactaggart (Slough) (Lab): Has the Prime Minister observed that often a precursor to support for terrorism is a sense of grievance, and does he agree that crucial to overcoming such a sense of grievance in minority communities is the creation of a culture of respect for basic human rights such as fair trial, free speech and habeas corpus? Will he therefore resist the siren calls of the right hon. Member for Witney (Mr. Cameron) to abolish the Human Rights Act 1998?

The Prime Minister: My hon. Friend is right. The message we should send out to the world is that our country wishes to protect the civil liberties of the individual. That is contained in the Human Rights Act, which was passed by the House of Commons and implements in British law the European convention on human rights. Whatever debates we have on the 28 days issue, I hope that there is a determination among all Members that, in the face of the threat of terrorism, we will not succumb but will defend the liberties of the individual.

Mr. William Cash (Stone) (Con): In relation to that answer, will the Prime Minister accept that the whole question of the protection of the public from terrorism is often jeopardised by judicial interpretation of the Human Rights Act and European law generally? Does he therefore accept that to achieve his aim of the protection of the public we need British law for British judges and British judges for British law?

The Prime Minister: I think that the hon. Gentleman will find from the information that becomes available at the end of the year that whatever his doubts about European law might be it has not prevented us from deporting up to 4,000 people from this country, and nor has it prevented us from deporting a large number of people to within the European Union.

Mr. David Hamilton (Midlothian) (Lab): I understand the point that has been made about local police looking after their own interests, but we already have a national police force: the British Transport police. It deals with railways and ports. Should we not discuss whether to extend its powers so that it takes over airports as well?

The Prime Minister: My hon. Friend raises an important point about the engagement of the transport police in these matters, but the national borders agency will bring together customs and immigration staff and there will be a policing presence on the board of the new agency and strong links with the transport police.

Mr. Brian Binley (Northampton, South) (Con): Cutting unnecessary delays at airports is vital, and we all welcome additional screening equipment. However, twice while passing through Heathrow in the recess I was held up, as were many others, because existing screening equipment was not staffed. Will the Prime Minister take that into account and ensure that his new equipment is matched with properly trained staff? That should have been, but was not, done in the past. Will he promise that it will be done in future?

The Prime Minister: We will take on board all the hon. Gentleman's comments. In particular, I will pass on to BAA his desire for proper staffing at Heathrow to make it easier and more convenient for people to undertake their journeys.

Point of Order

1.36 pm

Mr. Andrew Robathan (Blaby) (Con): On a point of order, Mr. Speaker. Yesterday, the Secretary of State for Children, Schools and Families said in respect of school funding:

"Leicestershire is 34th out of 149 local authorities over the next three years."—[*Official Report*, 13 November 2007; Vol. 467, c. 563.]

Actually, it is 149th—for every year. I believe that I am now allowed to say that it seems to me that the Secretary of State was misleading the people of Leicestershire. Can he be asked to come back to the Chamber and, having checked his facts, to rectify that statement?

Mr. Speaker: Members should not use a point of order to extend a debate. *[Interruption.]* That might be a fact, but this is not a point of order or a matter for the Chair. The hon. Gentleman must rebut that comment in the customary fashion, and he knows how to go about that as he has been a Member for a long time.

Orders of the Day

Debate on the Address

[Sixth Day]

Order read for resuming adjourned debate on Question [6 November],

That an Humble Address be presented to Her Majesty, as follows:

Most Gracious Sovereign,

We, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom and Great Britain and Northern Ireland in Parliament assembled, beg leave to offer our humble thanks to Your Majesty for the Gracious Speech which Your Majesty has addressed to both Houses of Parliament.—*[Mr. Caborn.]*

Question again proposed.

The Economy and Pensions

Mr. Speaker: I inform the House that I have selected for debate the amendment in the name of the Leader of the Opposition. Standing Order No. 33 provides that on the last day of the debate on the motion for a Humble Address to Her Majesty the House may also vote on a second amendment selected by the Speaker. I have selected the amendment in the name of Dr. Vincent Cable for that purpose. The vote on that amendment will take place at the end of the debate, after the amendment in the name of the Leader of the Opposition has been disposed of.

1.37 pm

Mr. George Osborne (Tatton) (Con): I beg to move, as an amendment to the Address, at the end of the Question to add,

'but humbly regret that the Gracious Speech fails to set out a clear vision on the future of economic policy, contains no measures to develop Britain's competitiveness, includes proposals that will damage enterprise, and does not contain any measures to reduce youth unemployment and to make significant inroads into the number of people on benefits who could work; condemn the absence of measures to ensure real improvements in the public services to give people power over their lives and generate greater value for money for taxpayers; and further regret the absence of measures in the Gracious Speech to tackle the pensions crisis to which Government policy has contributed.'.

This is the last day of the Queen's Speech debate and the first occasion on which the new Chancellor has taken part in it in his new role, and I want to begin by reviewing his first four months in office. He has presided over the first bank run for 140 years; he turned his own pre-Budget report into a political disaster; he has downgraded growth and revealed a £16 billion hole in borrowing; he has hit pensioners with another £2 billion tax raid; he has announced a catastrophic plan for capital taxes that has the Prime Minister briefing against him, and he has managed to cede the entire intellectual agenda on the economy to the Opposition. What an amazing start—congratulations.

I fear the story of this Chancellor is set to be a classic political tale of someone who rises from nowhere and disappears to nowhere without having been anywhere in between. I grant that he has taken one difficult decision. I have to hand a report from *The Times*:

[Mr. George Osborne]

"Alistair Darling has reluctantly agreed to use Dorneywood because it would otherwise be given to lower ranking functionaries".

Bad news: he is forced to spend weekends at Dorneywood. Good news: the Prime Minister thinks there are lower ranking functionaries. The question we ask today of the current Chancellor is simple: can he up his game and provide the leadership and vision required in these times of economic uncertainty?

Let us look at three key areas that a Chancellor must command: tax, spending and, most importantly, economic stability. On stability, it is not the Government's fault that the global credit markets froze on 9 August, but it was only in Britain that those international problems triggered a run on a high street bank. The collapse of Northern Rock is not just a tragedy for the many thousands who work for the bank; it has done serious long-term damage to Britain's reputation for stability.

Last week, we fell to 46th place in the World Economic Forum's latest rankings for economic stability. The whole point of the tripartite arrangements created by this Government a decade ago was that they would stop people queuing in high streets trying to withdraw their deposits, yet when the moment of reckoning came, no one was in charge—the Financial Services Authority did not have the authority, the Bank did not have the final say and the Chancellor did not have the strength of leadership.

I do not blame the Chancellor for the system of oversight; I blame his predecessor. As one of the original Monetary Policy Committee members, Professor Buiter, told the Treasury Committee this week,

"responsibility...must be laid at the door of the man who created the arrangement—the former Chancellor and current Prime Minister, Gordon Brown".

The fact that the Government are bringing forward legislation on deposit insurance in this Queen's Speech is, in itself, an admission of failure.

I wrote to the Chancellor more than a month ago offering cross-party support in preparing that legislation—not that he has ever bothered to reply. As we consider the Bill, we will insist that there is a balance between protecting the saver and not shielding managements from the consequences of their decisions. It is just a pity that neither the Chancellor nor his predecessor introduced the legislation before the crisis, because we know that that is precisely what Mervyn King was urging him to do. Had he or his predecessor listened to the Governor of the Bank of England, the run on Northern Rock might not have happened.

Before Parliament is asked to fix a problem, we must be clear what went wrong in the first place. We still do not know all the facts. I welcome the fact that the Treasury Committee is holding its inquiry. This will be one of its most important reports of the Parliament. Let me just give the House one example of something that we do not yet know about the events leading to the collapse of Northern Rock. On the crucial day before the run started, the Governor of the Bank of England wrote to the Chancellor of the Exchequer setting out the conditions of the rescue. The Governor then told the Select Committee that he was happy for that letter to be published, but the Chancellor refuses to publish it. There is a disagreement between the Governor and the Chancellor. Why is the Chancellor refusing to publish this letter, which the Governor is happy to see published? What is he trying to hide?

When will we hear about the future plans for Northern Rock? We learn more from press leaks than we do from the Chancellor, even though this bank has borrowed more than £20 billion on the public account, which is more than the entire Home Office budget. His excuse is that the decisions about the future are for Northern Rock's management—indeed, the Prime Minister has said during Prime Minister's questions that this is commercially confidential—but it is an open secret in the City that the Treasury is conducting the negotiations, and it is the taxpayer who is exposed.

This is not about commercial interest; it is about the public interest. We know, for example, that the Treasury has hired Goldman Sachs to advise it on the sale of Northern Rock and we hear the ominous news that Baroness Shriti Vadera is getting involved, presumably on No. 10's instructions. If the Prime Minister does not have the confidence in his Chancellor and his Treasury Ministers' ability to solve the problem, why should we?

Let the Chancellor at least confirm today the reports from Northern Rock's investment bank that the Bank of England facility could still be in place in three years' time, which is a great deal longer than the weeks or months he told the Select Committee in September. Let him assure us that at the end of the chaotic process, the taxpayer will not be left with a huge bill. Although we welcome the broader review of the future of the tripartite arrangements, let him tell us when he and the Prime Minister will take a decision on the reappointment of the Governor of the Bank of England. Dangling the sword of Damocles over Mervyn King while allowing officials in the Treasury and Downing street to brief against him may satisfy the vanity of the Chancellor and the Prime Minister, but it does nothing to restore confidence in the independence of the Bank of England. They should have the strength to make the decision about his future and the foresight to ensure that future Governors are not treated in this way by adopting longer fixed terms in the way that we propose.

Stability is the first priority for any Chancellor, but tax is the next area that he must command. In an age of intense global competition, when capital and business can move with ease, we need a low and competitive tax system. That is the lesson from not only Ireland but other countries, such as the Netherlands, which are now reducing their corporate taxes. Yet Britain has a Chancellor whose first tax change is an 80 per cent. increase in capital gains tax. That was one of the few tax measures in the pre-Budget report that was not inspired by the Conservative party, and it is universally regarded as a self-inflicted political and economic disaster.

Julia Goldsworthy (Falmouth and Camborne) (LD): Will the hon. Gentleman confirm that the Conservatives opposed taper relief when the Prime Minister introduced it when he was first Chancellor?

Mr. Osborne: When taper relief was introduced it related to a 10-year period, rather than the two-year period that applied until the Chancellor abolished it in the pre-Budget report. The system that the Government

inherited from the previous Conservative Government had retirement relief—*[Interruption.]* I do not know why Labour Members are chattering, because they are reintroducing a single rate for capital gains tax. When it was announced a month ago, they said that they would not have retirement relief, but the Prime Minister is now saying that they might. If they reintroduce indexation, we will be virtually back to where we started.

The Conservatives are against the changes in the pre-Budget report. If they make their way into the Finance Bill in April, we will oppose them, for these are exactly the wrong tax changes to make in the face of a new economic revolution that puts a premium on enterprise and risk taking. That is why all the major business organisations come together to condemn the tax rise as damaging to long-term investment and likely to set back the growth of the economy.

The Treasury should be familiar with that analysis because it used to share it. Six years ago, the former Chancellor published a report that said that the tax change now being proposed by the current Chancellor

"rewards the short-term speculator as much as the long-term investor".

In fact, it has been difficult keeping the Government's advisers off the airwaves in recent weeks, as they queue up to attack the proposals. Lord Bilimoria, the Chancellor's small business adviser, says:

"Investment in small businesses and entrepreneurship has been penalised."

Sir Ronnie Cohen, who by happy coincidence combines generous support for the Government with unexpected appointments to Government taskforces, said this weekend:

"So much protest has followed the measure that I hope they will listen."

What about the newest and shiniest adornment in the ministerial trophy cupboard? I am, of course, referring to the great Lord Digby Jones of Birmingham, the Labour Minister who does not trifle himself with such insignificant baubles as Labour party membership. He says that

"medium-sized businesses, in particular, think this

—tax rise—

"is a terrible thing."

To be fair to the Chancellor, throughout this hail of criticism from friend and foe he has refused to budge, or to countenance a U-turn or concession. There is something admirable about the Minister who sticks to his guns, but when his guns are spiked by his own Prime Minister, admiration turns into humiliation. The Chancellor told us at that Dispatch Box that there would be no concessions because this was

"the right thing to do."—[*Official Report*, 18 October 2007; Vol. 464, c. 954.]

Four days later, the Prime Minister told a newspaper editor over breakfast that it was the wrong thing to do and that there would be concessions on retirement relief. What did the Treasury and the Chancellor know of that prime ministerial U-turn? They knew absolutely nothing.

Lorely Burt (Solihull) (LD): If the Government see fit to reintroduce retirement relief, what will the Conservatives' attitude be?

Mr. Osborne: We would certainly welcome any concessions on this. We oppose the whole change that is being put forward, but if all we are going to get is some concessions, we shall seize them. We shall take concessions that we secure, campaign on them in places such as Solihull and no doubt win those parliamentary seats at the general election.

What did the Treasury and the Chancellor know of this prime ministerial U-turn? They knew absolutely nothing about it. When his great Department of state was asked to confirm the story, it answered, "We don't know. This did not come from us." Can one imagine the former Chancellor, who is now in No. 10, ever standing for such shabby treatment from his superiors—not that he thought he had any? I am sure that the new Treasury team was grateful for the helpful explanation provided by Downing street. Again, I have the report here:

"Supporters of Gordon Brown say that it does not really matter that Darling has emerged as an insignificant and weak Chancellor. They even make a virtue of the fact, insisting that the nation ought to be grateful that such an experienced and respected figure as Gordon Brown is keeping such a wary eye on events at his old shop."

We know that the Chancellor is not in charge, but when he replies in this debate, will he clear up the confusion, to which I have just alluded, for thousands of small business owners who are wondering whether to sell up before next April? Is the retirement relief, briefed by the Prime Minister in private, now a firm commitment? Will it be £100,000 or perhaps more? Are other concessions on the way, such as indexation? I would be happy to give way to the Chancellor so that he can clear up what the Prime Minister said. We cannot all wait to be invited for breakfast at No. 10 to find out what is going on at the Treasury—*[Interruption.]* For a second there, I thought that we were going to get an intervention, but it appears that we will just have to wait.

Of course, these days, one can do even better than breakfast at No. 10 by coming to the Conservative party conference to discover what will be in the next Labour Budget. We proposed a levy on non-domiciles, and the Chancellor accepted it. We offered a cut in inheritance tax, and he followed it. With the Liberals, we argued for an airline tax on pollution: he spent six months attacking it, and now he is introducing it. Well, no one ever promoted him for his originality. We have had reforming Chancellors and iron Chancellors, and now we have the xerox Chancellor. I am not offended, as imitation is the sincerest form of flattery. But while he is following our ideas, why does he not cut the corporation tax rate by simplifying the system? Why does he not reverse the small company tax rise, set for next April, by scrapping the complex allowances that he is introducing? And why does he not adopt our plans to take millions of first-time buyers out of stamp duty altogether? Why does he not do all those things that we propose? He should not worry, because we will still let him hold up the Red Box on Budget day.

Mr. John Redwood (Wokingham) (Con): My hon. Friend is making a great speech. Has he noticed how the Chancellor slipped through a substantial increase in petrol tax at a time when oil prices were rising, so that he now takes more than 65p a litre from everyone who buys petrol to go about their business? That has

[Mr. John Redwood]

led to a spike in inflation so that we have to pay twice, first in oil taxes and second in higher interest rates because of the inflationary consequences. Is that not also a blot on his record?

Mr. Osborne: The ways that the Chancellor finds to raise revenue do not surprise me at all. Of course, the remarkable thing about this Government is that even after a decade of stealth taxes and the highest tax burden in peacetime history, we still manage to have the largest budget deficit in Europe—a formidable achievement.

Rob Marris (Wolverhampton, South-West) (Lab): Before the hon. Gentleman took the intervention from the right hon. Member for Wokingham (Mr. Redwood), he reeled off a string of tax cuts that he thought would be in the interests of the British economy, and I understand his position, although I do not agree with it. Would he care to say what spending cuts there would be if those tax cuts went through or, alternatively, what other mainstream taxes he would raise?

Mr. Osborne: Well, I—*[Interruption.]* I was about to say how much I like the hon. Gentleman, because we have served together in Committees on Finance Bills for many years. I was about to say, before Labour Members started chirping, that the hon. Gentleman normally pays close attention to what other people say, so I shall repeat what I just said. I asked why the Chancellor does not cut the corporation tax rate by simplifying the system. Why does he not reverse the small company tax rise by scrapping the complex allowances? Those are revenue-neutral changes to the tax system. The hon. Gentleman is right: the proposal to take millions of first-time buyers out of stamp duty altogether is a tax cut, but it would be paid for by the increase in taxation on non-domiciled taxpayers. Those proposals are all fully funded.

Chris Bryant (Rhondda) (Lab): Will the hon. Gentleman give way?

Mr. Osborne: I cannot resist giving way to the man who so successfully organised the coup against Tony Blair last year.

Chris Bryant: The hon. Gentleman has raised the issue of taking first-time buyers out of stamp duty several times. That sounds attractive, but has he thought through the detail? This may seem a silly question, but how does one decide who is a first-time buyer? Does it include a couple with one partner who has bought a house already and one who has not? If he does not have a proper answer, can he tell the House why it would be fairer to provide an exemption from stamp duty for people who might or might not be wealthy, rather than deliberately providing support to the poorest in society?

Mr. Osborne: The proposal will apply to couples if both are first-time buyers. It is not an insurmountable problem, because it has been introduced in Australia and the nationalist Government in Scotland have a different scheme, which involves public subsidy, but they are also looking at first-time buyers. Many other countries are doing it. I am sure that the hon. Gentleman would not want it to be the case that first-time buyers living in the Chancellor's constituency were helped, but those living in his constituency were not.

Chris Bryant: The hon. Gentleman clearly does not understand about stamp duty in the Rhondda, but very few people pay any stamp duty there.

Mr. Osborne: The hon. Gentleman cannot hold me responsible for the failure of this Government to regenerate the Rhondda.

I was talking about the Chancellor's weakness on taxation, but I shall now turn to the third key area that a Chancellor should command—spending. Last month he announced the results of the comprehensive spending review. We were told, "Just you wait. This will be the great moment when the Brown Government finally sets out its vision." But the spending review has sunk without trace.

Of course, I am delighted that the Government are now committed to our policy of sharing the proceeds of growth, but tighter spending plans are not enough. The public want value for money. They will not get it from the European Communities (Finance) Bill, which we debate here next Monday. I understand that the Chief Secretary will lead off for the Government. It is a Treasury Bill, and it is the most expensive piece of legislation included in the Queen's Speech. I say "included", but for some reason it was not mentioned in Her Majesty's actual speech and it was not referred to at all by the Prime Minister in the debate later. But the European Communities (Finance) Bill will sign away more than £7 billion of the British rebate in return for absolutely nothing. It contains no commitment to CAP reform, or even a European budget that the auditors can sign off—something that they refused to do again this week.

We know that it is a bad deal because the Prime Minister, when he was Chancellor, went around telling every journalist that he could find that it was a bad deal. He said it was all Tony Blair's doing, and that he would never have signed it. In the heat of the negotiations, one Treasury official put it like this:

"We have ended up giving away much more than we expected and with precious little to show for it in return".

In case anyone missed the point, someone described as a

"senior aide to Gordon Brown"

helpfully explained to the papers what it meant, saying that

"it will inevitably lead to reduced public spending. There is no other way to achieve it."

The former Chancellor was right about that. If we had kept the rebate, we could have paid for 27,000 more police officers or 31,000 more teachers, and still been able to do up Lord Malloch-Brown's apartments in the Admiralty.

Now the Prime Minister is asking his new Chancellor to introduce it and us lot to pass it. Well, he will not have our help in doing so. There is a broader point. No one doubts that the Government are spending large sums of public money. But the entire country is asking where all the money has gone. In the last month, we have had some answers—£500 million on literacy programmes that have not made any difference to literacy

rates; £885 million on truancy, but truancy levels continue to rise; and £84 billion in total spent on a welfare-to-work programme that the first Minister to have responsibility for it described this weekend as a "failure". When the Prime Minister says "British jobs for British workers", Labour Members blush, because they know that borrowing slogans from the National Front is no substitute for a proper welfare-to-work policy. *[Interruption.]* I should be amazed if anyone were prepared to repeat the slogan that the hon. Member for Vale of Clwyd (Chris Ruane) has just uttered from a sedentary position.

Then there is the £19 billion that the London School of Economics calculated might have to be spent on identity cards. We know what the Chancellor really thinks about them because he once made the mistake of telling us. Identity cards, he said,

"are unnecessary and will create more difficulties than they will solve...I do not want my whole life to be reduced to a magnetic strip on a plastic card".—[*Official Report*, 2 March 1992; Vol. 205, c. 70.]

If that is the case, why did he take the job as the Prime Minister's Chancellor?

Not only the individual projects waste money, but an unreformed public service is failing to get money to the patient and the parent. Slowly but surely, just as we predicted, the roadblocks to reform are emerging under this Prime Minister: giving local education authorities greater control over academies, cancelling hundreds of millions of pounds of private sector contracts in the national health service and the backsliding on the Freud report on welfare. A strong Chancellor who cared about value for money would be dismantling those road blocks to reform, not helping to erect them. However, he will not dismantle them because he is incapable of challenging the Prime Minister's policy of throwing taxpayers' money at any problem without any proper regard to how well it is spent.

The Queen's Speech was supposed to be the moment when the Government drew a line in the sand, but instead it was the moment when they dug a hole and kept digging. Now they drift from one crisis to another, buffeted by events, lacking any clear vision about what they are planning to do in the next week, let alone the next year. Back in the glorious days of June, the Prime Minister promised us a Government of all the talents. In one sense, he has delivered. We have exceptional naivety at the Foreign Office, fantastical incompetence at the Home Office and exceptional weakness at the Treasury. The job of the Chancellor of the Exchequer is to be the rock in the storm, yet this Chancellor's indecision and poor judgment have contributed more than most to the heavy weather that the Government now find themselves in.

At a time of financial instability and a period of great economic change, Britain needs a strong Government and a strong Chancellor to guide us through. We have neither. The sooner the election comes that will bring about the real change this country needs, the better.

2.2 pm

The Chancellor of the Exchequer (Mr. Alistair Darling): There was a time when the Queen's speech was an opportunity for the Government to set out their programme for the coming Session and for the Opposition to set out their vision, too. When I saw the amendment that has been tabled by the Leader of the Opposition, which criticises us on the vision for the future economy, competitiveness and a range of other measures, I thought that the shadow Chancellor might be telling us his vision for the economy over the next few years and setting out the measures that he would put in place to make us more competitive in the future. However, we heard absolutely nothing.

The other thing that is striking is that it is the second major speech that he has made, after his conference speech, in which he has not mentioned once what he would do to tackle the major problem of child poverty here and abroad. One would have thought that the shadow Chancellor would have a view on whether poverty should be abolished or whether he was going to do anything about that pressing problem, but there was nothing on that, nothing on climate change and nothing on how he would help to deal with the competitive challenges that we will face in the future.

I understand why the hon. Gentleman cannot do that. Over the past few weeks, he has got himself into a position where he has made promises on tax and spending that he knows he cannot possibly afford to deliver. In the space of just a couple of days at the Tory party conference he made promises on tax that amounted to some £6 billion, yet he can scarcely point to £500 million to pay for the proposals. When he knows that he has that black hole in his spending and that he is in no position to make any commitments on health, education and tackling child poverty, it is no wonder that he has completely avoided addressing any of those issues of substance. They affect each and every one of us as we enter an undoubtedly uncertain time, when we will see rapid economic change. This country will have to compete with growing economies in China, India and elsewhere in the world. Those are the big challenges that we face, yet the hon. Gentleman had nothing to say about them.

Miss Julie Kirkbride (Bromsgrove) (Con): The Chancellor is talking about child poverty. Does he believe that poverty is absolute or relative? If it is relative, how can it be abolished?

Mr. Darling: I know this—I know poverty when I see it. I represent a pretty prosperous part of a pretty prosperous city in Europe. However, I remember when I entered the House of Commons 20 years ago that parts of my constituency in Edinburgh had nearly 25 per cent. of people out of work and a second generation of people who had never worked. The hon. Lady ought to remember that. The Conservative Government of the 1980s and 1990s damned an entire generation to failure because they allowed poverty to grow. In 1997, we had the worst record in Europe for child poverty. We are putting that right, in relative and absolute terms, and I am determined to continue to do so.

Mr. Stewart Jackson (Peterborough) (Con): Does the Chancellor disagree, therefore, with the right hon. Member for Birkenhead (Mr. Field), who conceded recently that the number of children in poverty, not including housing costs, went up in the past fiscal year by 100,000?

Mr. Darling: Some 600,000 children have been taken out of relative poverty, while 1.8 million children have been taken out of absolute poverty since 1998. I should have thought, as I seem to have stirred an interest among the Conservatives on the issue of child poverty, that the question should be about what we are all doing, together, to end the scourge of child poverty. We are committed to that, and I hope that the Conservatives would be, too—yet the shadow Chancellor has had opportunity after opportunity to say something about it and has said absolutely nothing.

Julia Goldsworthy: We share the ambition of abolishing child poverty, but in my constituency problems such as the fact that we have the highest water bills in the country prevent the Government from hitting their targets on tackling child poverty. Does the Chancellor agree that we need more than a one-size-fits-all approach, and that specific issues have to be tackled in specific areas, such as water bills in the south-west?

Mr. Darling: I agree that a range of issues have to be dealt with in order to help people on low incomes. Of course, one of the major things that we have done to help people on low incomes is to introduce child tax credit, of which Liberal Democrats in some parts of the country have been critical. To be fair, they are in favour of it in other parts of the country, depending on which way the wind happens to be blowing at the time. The main point is that all of us, in all parties, ought to be committed to ending child poverty. It has no place in one of the richest countries in the world. We are on the way to achieving our ambition to eradicate child poverty within a generation. I intend to do that.

Mr. Jim Devine (Livingston) (Lab) *rose—*

Michael Gove (Surrey Heath) (Con) *rose—*

Mr. Darling: I shall give way to my hon. Friend the Member for Livingston (Mr. Devine), who has been very patient, but then I want to make some progress.

Mr. Devine: The shadow Chancellor has described the state of the economy as a tragedy. The tragedy was 3 million unemployed, 15 per cent. interest rates, 12 per cent. inflation rates and record numbers of house repossessions. That tragedy affected the people of this country, and the Conservatives were in power.

Mr. Darling: I agree with my hon. Friend, who represents an area that was on the receiving end of some of the neglect of the Conservative party's policies in the 1980s, when the mining industry declined and there was absolutely nothing in the place of it. Now, I shall give way to my old friend, the hon. Member for Surrey Heath (Michael Gove), who I remember meeting on a picket line in Aberdeen many years ago.

Michael Gove: I am grateful to the Chancellor for giving way, and for the solidarity that he showed me when we were comrades in struggle all those years ago. Talking of comrades, the Secretary of State for Work and Pensions and I attended a recent conference held by Barnardo's to discuss child poverty. The Secretary of State was asked why the £3.8 billion that could have been used to meet the child poverty target by 2010 was being used to cut inheritance tax, and he said that the Government had to appease middle England. That is calculation, not conviction. Will the Chancellor explain why he chose to follow the path of calculation, rather than the path of conviction that he is attempting to persuade us that he would rather follow?

Mr. Darling: On this occasion, I cannot stand shoulder to shoulder with the hon. Gentleman as I did against the wickedness of the then press barons of the north-east of Scotland.

We are able to devote considerable sums of money to reducing child poverty, although we have other obligations as well. The hon. Gentleman's comments are a bit rich since, as well as our other differences on inheritance tax, he wanted to spend even more money on a tiny minority of the wealthiest estates in the country.

Rob Marris *rose—*

Mr. Darling: I shall give way once more, but then I want to make some progress.

Rob Marris: I am grateful to my right hon. Friend for his generosity. May I correct him? The hon. Member for Tatton (Mr. Osborne) did set out a vision today. It was a vision of tax cuts—inheritance tax cuts, tax cuts for small business, corporation tax cuts and stamp duty cuts. The hon. Gentleman's vision is to take the country back to 1992 when in five years the national debt doubled because there were unfunded tax cuts. His vision is to take us back to economic instability. His vision is a complete failure to confront the global challenges that the country faces.

Mr. Darling: My hon. Friend is right. The Tories are getting into the business of making promises to cut taxes. I did not mention earlier that during the two or three days of the Tory party conference a few weeks ago they also promised more money for the Army and for schools, more money to combat MRSA, more money for stroke drugs and more money for high-speed railway lines. They even rivalled the Liberal Democrats in fiscal incompetence; there is no way that anyone can make those promises if they do not have the money to fund them without getting into the very difficulties that the Tories were in during the 1990s.

Mr. Bernard Jenkin (North Essex) (Con): Will the Chancellor give way?

Mr. Darling: Perhaps later on, but it would be a good idea for me to make progress—*[Interruption.]* I will happily give way to the hon. Gentleman later.

As I said earlier, the objective of the Queen's Speech is to help us meet the aspirations of the British people and to prepare for the rapidly changing new world we face. I agree with something that the shadow Chancellor said in his conference speech: we face a real competitive challenge from the emerging economies. Asia now out-produces Europe. China alone produces half the world's clothes, half the world's computers and more than half the world's digital electronics. China's

and India's share of world trade has more than doubled in less than 10 years and both are looking to compete at the top of the market, not at the bottom.

The pace of change will define our world in the future. Globalisation, which is transforming the scale of the challenges we face, means that at home in the UK and across the world we must prepare and equip our country for the future. The changes are an opportunity for us. New markets for trade are opening in the emerging economies and new jobs will come from new technologies. Britain is well placed to seize those opportunities, because we have a strong and stable economy and we can make the right investments for the future.

In the face of such changes, people rightly look to the Government whom they elect not to stand by—as Governments have done in the past with disastrous consequences—or to stand against inevitable change, but to stand with them, on their side, preparing and equipping individuals, as well as the country, for the changes ahead. That is what the measures in the Queen's Speech do. Along with the measures that I set out last month in the pre-Budget report, they will help us to meet those challenges in the future.

The difference between us and the Tories is that we are prepared to make the necessary changes and we have the money necessary to back up the reforms—crucially in education and skills, which are essential for the future, but also in transport infrastructure. We are introducing measures to ensure secure and cleaner energy supplies and to deal with housing. We have legislative proposals on those and other things, yet the Conservatives and the shadow Chancellor have absolutely nothing to say about them.

At a time when we need to make fundamental changes to face the challenges ahead, we would have thought that the Conservative party might have something to say; but no—absolutely nothing.

Mr. Redwood *rose—*

Mr. Darling: I will give way to the right hon. Gentleman. Whatever else one might accuse him of, he sometimes has some forward thinking, although we may not always agree with it.

Mr. Redwood: I am grateful to the Chancellor for his kind words. Will he tell the House which account the £23 billion to re-finance Northern Rock came from and how it will appear in the Government accounts?

Mr. Darling: I shall come to Northern Rock shortly, because some pertinent questions were asked and I want to try to deal with them. The money to which the right hon. Gentleman refers, which was lent to Northern Rock, comes from the Bank of England.

At this time, it is important that the Government use their strength and influence to ensure that each and every one of us and all our businesses can respond to the future. That is why we have increased the amount we are spending on science and why we are ensuring that UK invention and innovation can be converted into goods and services that we can sell. That is why we are putting so much more money into universities. The situation is completely different from that of past decades, which is why, to meet our big ambitions in education and transport, we are putting in resources. The Conservatives cannot do so because they know that their promises on tax and spending are unfunded, so they could not meet the commitments that we are entering into.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD) *rose—*

Mr. Darling: I give way to the Liberal Democrats.

Sir Robert Smith: The Chancellor talks of the importance of preparing for a difficult future. From his experience at the Department of Trade and Industry he will know that the North sea sector is going through a period of transition. While world oil prices are high, the sector might be seen as attractive for investment, but the reality is that in many of the North sea fields oil is mixed with gas so the real price of oil is about two thirds that of the world price, and the costs of production are going up dramatically. Does the Chancellor recognise that we face a much more challenging time in the North sea and that we need a sophisticated approach to ensure that we maximise returns in the long run?

Mr. Darling: I am aware of the difficulties faced by the North sea field. I am particularly aware of the fact that, as gas prices have fallen, there has been pressure on some of the North sea producers. As ever, we shall do whatever we can to make sure that we get as much as we possibly can from the North sea. The hon. Gentleman and I both realise that the resources are finite, and I think we both agree that it is absolute madness for the Scottish National party to pretend that Scotland could live off the North sea. I see that the SNP leader is now claiming the entire assets of the North sea, including those that in any view of their division would not come to Scotland. However, it is important that we do everything we can to extract every last drop of commercially viable oil and gas.

John McFall (West Dunbartonshire) (Lab/Co-op): I share the Chancellor's disappointment that the long-term challenges that the country has to face have not been dealt with by other parties today. As he is aware, a few weeks ago the Treasury Committee produced a report on globalisation that indicated that we need to get on the front foot in terms of education and science, and that if we do not the UK's high-tech and professional jobs could be threatened. We have asked the Government to look into the possibility of holding an annual debate in the Chamber on globalisation in order to make us and the country aware of the challenges that we face and of the need for adequate public policy responses.

Mr. Darling: I agree. Many Members have visited China and India and I am sure that each and every one of them—no matter where in the Chamber they sit—was struck by how fast the economies of those countries were growing. There is a thirst for education and knowledge in China and India and, as I said, they want to compete at the top end of the market, not on low costs and low expectations. They want to do the same things as us. Time is not on our side, which is why it is so important not only to maintain investment in

[Mr. Darling]

education but to make the changes that we need to improve and increase our skills standard. I absolutely agree with my right hon. Friend about that.

The foundation for all those things is a strong and stable economy. Stability matters for individuals because it keeps interest and mortgage rates down; it also means that we can maintain high employment and that we do not return to the double-digit inflation of the past. Stability matters for the country, too; it is necessary for the economy to grow. That is why, as I have said time and again, we shall take no risks with stability. What risks stability is getting into a position of making promises that cannot be afforded. That will result either in increased taxes elsewhere or, more likely, increased borrowing, which puts pressure on interest rates. That is the last thing we need, especially at this time of international uncertainty.

Our economy will grow this year. We and commentators believe that it will grow the fastest of all the developed countries. Inflation is around target. Of course, inflation is half what it was in the 1980s and 1990s. Employment is at records levels, and unemployment is at historically very low levels. So the difference between now and 10 or 15 years ago is that we now have a strong and stable economy, and that stability has allowed us to deal with the Asian economic slow-down in the 1990s and the problems in America in the early part of this decade. That stability, too, will enable us to deal with the current international uncertainty, which started in the American housing market and has now spread around the world—including here in Britain, of course.

Chris Bryant: I am grateful to the Chancellor; he is being very generous in giving way this afternoon. He has said two important things: first, the long-term stability of the economy is important; and secondly, we need to be a high value-added economy rather than a bargain-basement economy. However, to ensure both of those things, do we not need to ensure that we have a far more robust means of protecting our intellectual property rights, because that is where Britain will make its money in the future?

Mr. Darling: I agree, and the Prime Minister commissioned a report by Gowers last year that made a number of proposals. Not only is it important that we protect international property rights here, but it is crucial that we ensure that countries such as India and China make sure that they have corresponding rules. Great improvements have been made in both those countries. I hope to visit China in the new year, and I am quite sure that, in the year or so since I was last there, strides have been made, but if we are to achieve the breaking down of barriers to trade and greater exchange of goods and knowledge, we must ensure that intellectual property is protected.

I said just a few moments ago that I would say something about Northern Rock. I shall preface my remarks by saying that I made a statement to the House on 11 October. I subsequently appeared before the Treasury Committee at a hearing, half of which was devoted to Northern Rock, and I shall continue to keep the House informed as and when there are developments. The Select Committee is due to complete its report in January, and I told the Select Committee a few weeks ago that, thereafter, I intend to publish proposals to reform some of the present arrangements in the regulatory system. However, I want to say a couple of things today, since the matter was raised by the shadow Chancellor.

The information in today's newspapers appears to have come from advisers to Northern Rock; it is not the Government's policy. I can tell the House that we will very shortly issue a statement of the principles that will govern our approach to any bid to acquire Northern Rock, and when we do that, we will make them public. We shall of course be doing that because, owing to the support offered by the Bank of England and the guarantee made available to the depositors, the Government have a very real interest, and anyone seeking to acquire Northern Rock or any part of it would want to know where the Government stand. I want to make that absolutely clear. I will make sure that, as and when there are developments, I will report to the House, by either written or oral statement, as seems appropriate, because it is important that I keep the House fully informed.

Mr. John Maples (Stratford-on-Avon) (Con): I do not know whether the Chancellor is about to leave the subject of Northern Rock—I apologise if he is about to deal with this—but I wonder whether the Government's guarantee of Northern Rock's liabilities extends to the £11 billion of medium-term notes, which have maturities of up to six years and are held almost exclusively by professional investors and traded in public markets, where they could easily have been left to trade at a discount. I believe that those notes are covered by the Government's guarantee. Is that true? If so, why?

Mr. Darling: The terms of the guarantee have been published. I wrote to the Chairmen of the Treasury Committee and of the Public Accounts Committee to set out the terms, which are intended to protect the depositors and are deliberately precise. The House will recall that the objective in my issuing the guarantee was to put it beyond doubt that, for people who were worried about their money in Northern Rock, the money was there and available if they wanted to withdraw it, and I thought it necessary to issue that guarantee to clarify the matter.

As I told the Treasury Committee, Northern Rock is owned by its shareholders. Their directors are accountable to them. We have allowed the directors a breathing space to decide on the strategic options for Northern Rock. That is what they are doing, and it is best that they be allowed to do that, because it is in everyone's interest that we try to find a satisfactory solution.

Dr. Vincent Cable (Twickenham) (LD) *rose—*

Mr. Darling: I will certainly give way to the hon. Gentleman, especially as he has said some very unwise things, frankly, over the past few months about these things.

It is in the interests of the stability of our financial system and of Northern Rock that it gets this breathing space, so that it can take the right strategic options for

the future, because an awful lot of people depend on those judgments, particularly in the north-east of England.

Mr. Cable: Of course the Chancellor is quite right that the directors are legally responsible for the company, but why was it impossible, as a condition of the Government loan, to remove the management who had led the bank into its current disastrous position?

Mr. Darling: In some ways, the hon. Gentleman answers his own question: the company is owned by its shareholders, and they appoint the directors; the Government do not do that. Quite clearly, it is in all our interests to try to reach an orderly resolution of this matter, and that it what I intend to do, because it is important that that happens.

Mr. George Osborne: Clearly, one of the issues that is being aired in this debate is the nature of the facility that has been offered to Northern Rock and, indeed, how much longer that facility might exist. It could exist for several years if the investment bank that is advising Northern Rock is to be believed. Would it not help matters if the Chancellor now published the letter that he received from the Governor of the Bank of England and which the Governor told the Select Committee he was happy to see published? What possible reason could the Chancellor have in holding back a letter from the Governor, who is happy to see it made public?

Mr. Darling: I explained my reasons to the Treasury Committee, when I was asked that question quite specifically. I told the Committee that I received two letters: one from the Governor and another from the chairman of the Financial Services Authority, who takes a rather different view from the Governor. I have said that I am not saying that those letters can never be published, but I must have regard to the fact that I want to make it possible for the chairman and the Governor to write to me in terms that give me full and frank advice. It is not in the public interest to publish those letters. That is my judgment, and I stand by it.

I wish to deal with another point that the hon. Gentleman touched on in his speech. One of his colleagues issued a rather misleading press release in relation to Government support. I told the Treasury Committee that the facilities are being offered to Northern Rock. We have said that we want proposals to come back from Northern Rock by the end of January or the beginning of February. It is not true to say that we have said that the facilities would definitely come to an end at that stage. We have said that the facilities are there, but that we must reach a situation in the next few weeks where it is clear what will happen to Northern Rock. I was asked that question by the Treasury Committee, and I gave the reply in that context. I am sure that the hon. Gentleman will be keen to clarify the press release that his colleague issued earlier today.

Mr. Colin Breed (South-East Cornwall) (LD): The Chancellor has made an important announcement that he will make a statement of principles. Should not the situation trigger the suspension of shares in Northern Rock, bearing in mind that they have been up and down after almost every announcement so far, with people saying that they will take over the management or the business? That is a most important statement. Is it not essential that the shares in Northern Rock should be suspended?

Mr. Darling: No, I do not think so. That is a logical extension of the Government's position from the start. I will keep the House informed in relation to Northern Rock, but it is important that we turn our attention to the central legislation in the Queen's Speech.

As I was saying earlier, if we are to rise to the competitive challenge that we now face, it is important, among other things, that we continue to deliver more jobs. We must therefore increase the number of university graduates, and we need higher and higher skills. It is worth bearing in mind that although every year Britain adds about 75,000 engineers and computer scientists, India and China add half a million. We turn out 250,000 graduates, but India and China now graduate 4 million, more than all of Europe and America.

Today, the economy has 9 million highly skilled jobs; we should bear in mind that by 2020 it will need 14 million. Furthermore, of today's 3.4 million unskilled jobs, fewer than 600,000 will be needed by that year. That alone should make every Member see the need to invest in our education and skills. The education and skills Bill in the Gracious Speech will increase for the first time in 30 years the time that people are expected to stay in education, and will benefit 2 million young people. It will also give those who missed out the first time the opportunity to catch up and improve their education.

Furthermore, a draft Bill will propose the reform of apprenticeships as we head towards our commitment to ensure that every young person who wants to continue their learning while in work can do so. Half a million people will be in apprenticeships by 2020. That will be a step change in what we are doing in education, and I hope that the Conservative party will support the Bill. We will wait and see.

Surely there should be agreement between us on the number of people who ought to be going to university and on the need to increase skills in this country. However, so far there has been precious little evidence of such support. My old sparring partner and fellow picket line attendee, the hon. Member for Surrey Heath, is not here; he has gone off to another picket line for all I know. He has been extremely critical of the measures to enable people to stay on in education and of the diplomas that my right hon. Friend the Secretary of State for Children, Schools and Families introduced a few weeks ago. We are entitled to ask why the Conservatives will not support us on those key measures, which are so important to our country's future.

Chris Grayling (Epsom and Ewell) (Con) *rose—*

Mr. Darling: Perhaps the hon. Gentleman will tell us.

Chris Grayling: Does the Chancellor agree with the former Secretary of State for Work and Pensions and Home Secretary, the right hon. Member for Sheffield, Brightside (Mr. Blunkett)? Last week, he said on "Any Questions?":

[Chris Grayling]

"I am against the idea of suggesting that deeply damaged men and women could somehow be fined and it would make them go into education and training. I think it's cloud cuckoo land."

Mr. Darling: Making sure that people stay in education to ensure that they have the necessary skills and qualifications would achieve something that we all agree is necessary: dealing with the generation of people who are not in education or employment, but could be with the right skills and support. That is important.

Let me turn to another matter on which the Conservatives had absolutely nothing to say. If we are to meet the challenges, we need to improve our infrastructure, make sure that our forms of energy are more secure and greener, and put in place other measures—for example, increasing the housing supply. Yet there has been absolutely nothing from the Conservatives on those issues.

For example, the Crossrail Bill, which is now going through another place, will introduce the largest transport project in Britain, certainly since the channel tunnel. That is in addition to our doubling transport investment and providing transport spending over a 10-year period. The energy Bill will allow us to meet our obligations on renewables, put in place carbon capture and storage measures and introduce the new nuclear power stations, if the Government's consultation decides that we should proceed in that way.

Those are examples of how we are planning for the future. That is also the case for housing: we are building 3 million more homes. Members rightly stand up and say that their constituents are having difficulty in getting housing; well, a substantial part of the answer must be to build more housing. Where do the Conservatives stand on those issues?

Mr. Brian Binley (Northampton, South) (Con) *rose—*

Mr. Darling: Perhaps the hon. Gentleman will tell us.

Mr. Binley: No, but I will ask the Chancellor about his statement that the Crossrail Bill will involve a massive investment. We have already seen it rise from about £6 billion to a massive £16 billion in just 18 months. What is the Chancellor's view of how much Crossrail will have cost by the time we have built it? What will the investment have amounted to then?

Mr. Darling: I grant to the hon. Gentleman that it would have been much better if Crossrail had been built in the 1990s, before the Conservative Government scuppered it. Had they not, it would have been open and running. By its very nature, Crossrail is an expensive project. My right hon. Friend the Secretary of State for Transport and others are working hard to get the costs down. However, it is important that the project is put in place, just as it is important that we have the energy and the housing and regeneration Bills.

There is one further measure on which the Conservative party is all over the place in policy terms: the planning reform Bill. We will not get new transport infrastructure, the energy supplies that we need or large-scale housing unless we reform the planning system. Yet the Conservatives have absolutely nothing to say about that—no wonder, when we look at their policy on energy. What is that policy? Did the shadow business and enterprise spokesman state it when he said that he did not think that we were doing enough to get more nuclear power stations, or was the policy set out when the leader of the Conservative party said that nuclear should be only a last resort?

Surely one must prefer the statement from the right hon. Member for Witney (Mr. Cameron), who is leader of the party after all. Yet how can a policy that does not say whether a party is for or against nuclear power be justified? Whatever side people take, they have to have a view on such an issue. It is pressing and urgent, yet the Conservative party is completely incapable of addressing it because it does not know where it stands.

Mr. Redwood *rose—*

Mr. Darling: At least the right hon. Gentleman knows where he stands, although I am not sure whether he will reflect Tory party policy or not on this occasion.

Mr. Redwood: I was going to help the Chancellor with a useful suggestion. I have proposed that the Government should immediately hold a competition between all the low-carbon and no-carbon technologies to see which—or what mix of them—would be cheapest and best. In that way, we could make an informed decision.

Mr. Darling: I leave the right hon. Gentleman to commend that approach to the leader of the Conservative party.

Earlier this year, we set out our proposals in the energy White Paper. We are clear that there needs to be a mix—with consultation, of course, on whether nuclear ought to be part of it. I have made my position on that clear on a number of occasions.

As I said earlier, one of my major criticisms of the shadow Chancellor's contribution is that he completely omitted to mention the two big challenges that we face: child poverty, which we discussed earlier, and climate change. Let me say this on the need to eradicate poverty and get more people into work. We know that the Conservative party was against the new deal and that it has a visceral dislike of tax credits and some of the other measures that we have put in place to help people. Yet on the issue of getting people off incapacity benefit and into work, it seems to be saying that it will abandon the steps that we are taking and instead place all our hopes on doing it on a voluntary basis.

The Conservatives have to understand that if we want to make inroads on the number of people on benefit, money has to be spent up front. There is a financial commitment; there is no way of getting away from that. Whether in Wisconsin or Australia, Governments have accepted that money needs to be spent. The Conservatives also need to accept that the process does not produce millions or billions of pounds immediately; a long-term commitment and process are involved. We are now seeing the incapacity benefit rolls falling because we stuck the course for 10 years. The Conservatives are making promises, which they say

they can pay for, on getting people off incapacity benefit when they know, and everyone tells them, that there is not a hope of getting that money in anything like the timescale that they would need to avoid a hefty increase in Government borrowing. That is why their policies simply do not stand up and do not bear scrutiny.

Chris Grayling *rose—*

Mr. Darling: The shadow Chancellor seems reluctant to intervene, but I shall give way to the hon. Gentleman.

Chris Grayling: Can the Chancellor explain why, given all the billions of pounds spent on the new deal for young people, the number of 16 to 24-year-olds registered unemployed is higher now than it was 10 years ago?

Mr. Darling: We recognise that it has been difficult to get people from that group into work, although their population has increased as well. However, the big difference is that during the past 10 years unemployment levels have been a fraction of what they were in the 1980s and 1990s. The hon. Gentleman says that the new deal has not worked, but it has—it has seen hundreds of thousands of people back into work. The Conservatives cannot even tell us how long their proposals on getting people off incapacity benefit and back into work would take to implement. The shadow Chancellor, when interviewed by Mr. Naughtie on the "Today" programme, was asked how long it would take. The reply was, "I'm talking about, you know, two or three years." When the hon. Member for Epsom and Ewell (Chris Grayling) was asked about it on a different programme, he said that it would take four or five years. The truth is that they have no idea when they would get the money in, yet they are prepared to make promises on tax credits based on the back of money that they do not actually have.

That takes me back to the point that I made right at the start—the Conservatives' sums do not add up. That is why they cannot stand up and give us commitments on eradicating child poverty. They have never yet said that they would sign up to the target and the commitment to which we have signed up. They cannot give us commitments on other major spending because they have a black hole in their spending plans, and they know it.

Mr. Stewart Jackson: The Labour party's campaigning mantra over the past 10 years about black holes is wearing extremely thin, and it does not wash with the public. If the Chancellor is so proud of his record, can he explain why in the last financial year under this Labour Government the weekly income of the poorest 10 per cent. of this country's population has fallen?

Mr. Darling: I would have more sympathy with the hon. Gentleman's comments if he supported us in our policies on tax credits, increases in child benefit and other measures that are designed to help people on low incomes to increase them. We have been increasing their incomes; the Conservatives have absolutely nothing to say about it.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): Does the Chancellor agree that perhaps an explanation for the metaphorical chaos of these black holes that will not wash because they are too thin lies in the methodological chaos about which he has been so eloquent, whereby the shadow Chancellor made up his non-doms policy on the basis of an article that somebody read in the back of a Sunday supplement?

Mr. Darling: My hon. Friend is absolutely right.

This debate has demonstrated that the Conservatives are in no position to set out their vision for the future of this country or of this country's economy because they are not in a position to make the necessary investment that we need in order to meet the challenges that we face.

Mr. Gerald Howarth (Aldershot) (Con): Will the Chancellor give way?

Mr. Darling: Not just now.

The Conservatives have nothing to say about the future key issues that face us because, right at the heart of their plans, there is a gap between what they are promising to spend, whether in tax reductions or other spending commitments, and the amount of money that they could get in. They cannot make those promises because there is a flaw at the heart of their economic policy. The hon. Member for Peterborough (Mr. Jackson) might say that the public will not focus on that, but I can assure him that they do focus on such things because they are very weary of people who make promises that they know they cannot afford to keep.

Several hon. Members *rose—*

Mr. Darling: I give way to the nationalist, for the sake of fairness.

Stewart Hosie (Dundee, East) (SNP): I thank the Chancellor for being so gracious.

Perhaps the Chancellor can clarify the situation as regards black holes. Is the black hole the £540 billion cumulative deficit forecast for the UK this year? Is it the £38 billion of borrowing forecast for this year, up £4 billion on the previous forecast? Is it the £179 billion of liability for only £53 billion of PFI capital expenditure, with liability interest having risen by £55 billion in the past three and half years, which is more than the capital sum of every signed deal? Where is the black hole in relation to the devastating debt created by this Government?

Mr. Darling: The black hole that the hon. Gentleman should be bothered about is his party's policy of hitching itself to revenues from North sea oil and gas that are likely to last 20 or 30 years, not 200 or 300 years. He might also like to address the question of why many of the promises that his party made in the May Scottish elections are now being dumped one after the other because it cannot deliver on them.

The difference between us and the Conservatives is that for 10 years we have had a strong, stable economy that has enabled us to make the necessary investment in the services that we need.

Malcolm Bruce: Absolutely. Indeed, the Committee is heading for Washington in two weeks for detailed discussions with, in particular, the World Bank to try to ensure that that happens. However, we want DFID and the United Kingdom to exert their influence, which is substantial in the World Bank, to ensure that there is congruence between our Government's policy objectives and those of the international agencies. If we are satisfied of that, it is clearly appropriate for more resources to go in their direction.

Mr. Andrew Mitchell *rose—*

Malcolm Bruce: I will incur a penalty in terms of time, but I will give way.

Mr. Mitchell: I am extremely grateful.

Is it not the case that what the Secretary of State says is absolutely right, as long as he makes the decision because that is the right thing to do rather than because he has not enough staff to do anything else?

Malcolm Bruce: Of course that is true. It is partly why I think we should have a full-time director of the World Bank to ensure that Britain's influence is given full measure. I believe that we should use consultants and multilateral agencies, but for the right reasons. We should do it because it is the best option, not because we are constrained.

Another important issue that the Committee is about to examine in detail is the role of donor co-ordination, which is becoming increasingly critical. There is a proliferation of agencies, both multinational agencies such as the United Nations and those in individual countries, all trying to do their own thing. If there is no co-ordination, it is impossible for the Government of a developing country to deal with receipts of aid and development on such a scale. At a recent seminar, Louis Michael said that in Tanzania there were more than 600 health projects worth less than €1 million, emanating from a variety of organisations in the European Union. He may have his own empire to build, and when he says that he would prefer a single project worth $600 million he probably intends it to be under his direction, but his point is valid. How on earth can Tanzania deal with 600 agencies rather than one? The same applies even to national donors.

We certainly believe that greater co-ordination is necessary. Afghanistan is a clear case in point. The British Government, including DFID, play a very constructive role in trying to promote that degree of co-ordination, and to encourage the development of a simpler and more transparent route for the delivery of aid. I personally commend the Department for doing that and urge it to do more. It may be that as our aid budget rises and our influence and clout as a development provider increases, we have more success. The Committee will explore the extent to which there are potential partners for that kind of co-operation and co-ordination.

I conclude by saying that it is fair to say that the Department for International Development may well turn out to be the greatest achievement of the Labour Government. The untying of aid began in principle under a Conservative Government, but it was certainly not completed. Even if it was not universally agreed at the time, the clear separation into two Departments, with poverty reduction as the overwhelming strategy, is certainly universally accepted now and is the right way forward. It creates tensions and debate as to how we deliver effective aid and whether we can still advise middle-income countries, but it is the right model. It is important to ensure that aid and development are delivered for their own sake, not as an instrument of foreign policy. As long as that is the case, I am sure that it will carry the widespread support of the British people and of their tax budgets.

4.1 pm

Chris McCafferty (Calder Valley) (Lab): I want to begin by congratulating the previous and current Secretaries of State for International Development, and indeed the Prime Minister, on the immense progress made on debt relief and poverty eradication through pro-poor policies and increased overseas development assistance.

I especially welcome the additional £100 million for the United Nations Population Fund announced at the recent Women Deliver conference. I congratulate my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) on successfully promoting the International Development (Reporting and Transparency) Act 2006, which makes an important requirement: that the Secretary of State report annually on expenditure and on the breakdown of international aid and, in particular, on the progress towards the target of 0.7 per cent. of gross national income. I agree with my hon. Friend the Member for Glasgow, North (Ann McKechin) that that sends a strong message of our commitment, as well as setting a good example.

I am sure that hon. Members on both sides of the House agree that among the major causes of poverty in developing countries are poor maternal and child health, the status of women and HIV/AIDS. It is widely recognised that reproductive illness and unintended pregnancies detract from economic development, whether by weakening or killing adults, by disrupting or cutting short the lives of their children or by placing heavy financial burdens on their families.

Sexual and reproductive health and rights also deal with poverty and development in a much wider context. The ability to exercise the rights and freedoms of choice brings self-determination, which in turn has a direct impact on an individual's ability to emerge from poverty. Poor reproductive health accounts for over 40 per cent of diseases suffered by women. One in 20 women in Africa die from pregnancy-related causes. Unsafe abortion accounts for 13 per cent. of maternal deaths.

Fertility is highest in the poorest countries as well as among the poorest people in the developing world. It should be no surprise that countries with the highest levels of unmet need for family planning and reproductive health services have not only the highest maternal mortality but the highest population growth. According to the environmental sustainability task force, unmet family planning and sexual and reproductive health needs, together with health education and gender equality issues, must be addressed with policies and programmes that slow population growth and realise synergistic improvements.

At a national level, fertility reduction and improved maternal health may enable accelerated social and economic development. Conversely, the absence of sexual and reproductive health and rights undermines social and economic development. Yet it is well known that if all the available condoms in Africa were evenly distributed, each man in Africa would receive only three or four per year. There is a huge gap between the demand for condoms and other contraceptives and the funding available. The recent report on population growth and its impact on the millennium development goals by the all-party group on population, development and reproductive health concludes that the MDGs are difficult, if not impossible, to achieve with current levels of population growth in the least developed countries and regions.

Gender equality is a great catalyst for development. Empowering people to exercise their rights over fertility and to choose the number of, and spacing between, their children is a powerful tool in the fight to reduce poverty. The gender and education taskforce has identified seven priorities for action to achieve gender equality. One of them is ensuring access to sexual and reproductive health and rights.

One African in two is under the age of 20. More than 40 million of Africa's children are not in school, and two thirds of those are girls. Families with fewer children spaced further apart can invest much more in each child's education. Children in large families are likely to have reduced health care, and unwanted children are much more likely to die than wanted ones. When mothers live, their children are much more likely to live. When mothers are healthy, their children have a much better chance of being, and staying, healthy.

I am sure that all Members would agree that the empowerment of women is a development end in itself. Removing the obstacles to women exercising economic and political power is also one of the most important ways to end poverty. Reproductive health is part of an essential package of health care and education. It is a means of attaining the goal of women's empowerment, but it is also a basic human right.

Our approach to HIV/AIDS should be based on an integrated model of sexual and reproductive health care to reduce maternal mortality and to combat HIV and AIDS. The millennium project's HIV taskforce has stated:

> "The fight against HIV/AIDS, and the broader struggle for reproductive health, should be mutually reinforcing."

It follows that national Governments should incorporate universal access to reproductive and sexual health services and information as an integral part of their AIDS responses.

Last month, the United Nations General Assembly adopted the text of the new millennium development target on universal access to reproductive health and related indicators under MDG 5. That outcome is a huge success for millions of women, men and young people throughout the world, but we must ensure that the new target is fully integrated into the future implementation and monitoring of the MDGs. I hope the Minister will be able to tell the House how DFID will ensure that recipient Governments incorporate the new target and indicators within their national development plans.

DFID bilateral expenditure on sexual and reproductive health and rights is a little difficult to track. That is, in part, due to budget support and SWAps—sector-wide approaches. In terms of general budget support, DFID estimates that 5 per cent. of the budget will be spent on HIV and AIDS. However, there is no similar sexual and reproductive health estimate. Is DFID planning to make an estimate of what percentage of general budget support will be spent on sexual and reproductive health and rights—and if not, why not?

Details of DFID's funding to UNFPA and other sexual and reproductive health organisations, such as the International Planned Parenthood Federation, Marie Stopes International and Interact Worldwide, are readily available, and the additional £100 million over five years to UNFPA will help to prevent many unwanted pregnancies and make childbirth much safer. That money will enable UNFPA to provide support to Governments in Africa and south Asia, and to provide more condoms, contraceptive pills and advice on better sexual health to many poor women, girls and men. I understand that the final stages of the five-year agreement between DFID and the IPPF will be completed this week.

DFID is in the process of updating its HIV/AIDS strategy, which I hope will further strengthen the links between sexual and reproductive health and rights and HIV/AIDS. I am looking for reassurances from the Minister that if a new spending target is agreed for HIV/AIDS, a target for sexual and reproductive health and rights will also be agreed. DFID's 2006-07 direct bilateral expenditure targeting reproductive health—some £24.1 million—is not insignificant, but it is rather discouraging compared with the direct bilateral expenditure targeting HIV/AIDS, which is £104.2 million. Perhaps a spending target on both HIV/AIDS and sexual and reproductive health and rights would ensure equilibrium and increased support for system strengthening.

In finishing, I want to remind the House that the hardest millennium development goal to reach is MDG 5—

Madam Deputy Speaker: Order. The hon. Lady's time is up.

4.11 pm

James Duddridge (Rochford and Southend, East) (Con): I congratulate the hon. Member for Calder Valley (Chris McCafferty), who I am sure would have a lot more to say if time permitted. I was particularly impressed with her comments on millennium development goals 4 and 5, and I look forward to the Minister's response.

I am passionate about international development largely through an accident of history. I was appointed to a job in Africa in the early 1990s and stayed in several different African countries for a number of years. I also have the privilege of serving on the International Development Committee. Despite an increase in the number of postcard campaigns, the general public still do not connect with international development. I do not want to appear to be trivialising this debate, but recent programmes such as "Long Way

[James Duddridge]

Down" with Ewan McGregor present a more human view of Africa. All too often, people think back to the 1980s and to images of a starving, pot-bellied Ethiopian, rather than seeing countries and a continent that are much more entrepreneurial now, and which have a lot stronger future and will develop and grow over time. Aid and the good work that DFID does are really only a precursor to countries standing on their own two feet.

All too often, politicians have to deal with very big numbers and £6 billion is a mind-bogglingly big number, but the figure that focuses my attention is 250,000. This June, I went to Rwanda with Christian Aid and Oxfam. As I looked out across what appeared to be a normal, average African capital city—I do not mean that in a pejorative sense—I was standing on the site of what was a mass grave of 250,000 people. That highlights graphically the need for that £6 billion and for a commitment to the figure of 0.7 per cent. of gross national income, on which there is now a strong cross-party consensus.

Now that we have that consensus, we need to move away from talking about big numbers. As the Select Committee said, we need to go beyond talking about inputs and outputs in the financial sense, and talk about outcomes. I am glad that the Secretary of State talked about inputs in the sense of meeting the Gleneagles targets in Africa, but we need to go beyond that. We need to go beyond visits to other countries by the Select Committee and saying, "Look—this is what DFID money has done; it is has provided this well and this school." We need to go beyond outputs and to look toward the long-term outcomes for such countries.

I am critical of the fact that DFID and the Foreign Office look at the short and medium term in such countries, rather than at the long term and the generation of growth. I must admit that when Baroness Vadera was appointed to her role, I was a little sceptical, given press reports of her involvement in the transport and rail sectors. However, my hon. Friend the Member for Sutton Coldfield (Mr. Mitchell) read out a very interesting quotation that filled me with optimism. If that is the direction that the Government are taking, I have a little more cause for optimism that I did before I entered the Chamber.

I turn to the structure and performance of DFID. The previous Secretary of State, the right hon. Member for Leeds, Central (Hilary Benn), was fabulous in the role, and I also have great respect for the Under-Secretary of State for International Development, the hon. Member for Harrow, West (Mr. Thomas). When the new Secretary of State came on board, I was concerned, although I was pleased that he had the Prime Minister's ear. Now that we have moved beyond the period of a possible general election, DFID is getting the single focus that it needs and deserves from the Secretary of State.

I am pleased to hear that the Secretary of State meets his counterparts in the Foreign Office and Ministry of Defence, without civil servants, on a regular basis. That is essential for international development. We cannot go back to the bad old days when the Foreign Office was not even talking to DFID at Secretary of State level. The relationship between those two Departments is essential, as is the relationship with the Ministry of Defence, which the Select Committee saw in Afghanistan.

On the role of business in development, it is essential that aid is seen only as short term, and we need a greater degree of focus. While DFID as an independent Department is right in giving that greater focus, greater integration with other Departments is needed to encourage business. Despite what Ministers have said, I am disappointed about the international progress on economic partnership agreements and the slow progress on the Doha round. This is not the western world saying that it believes in free trade; all too often it is the Americans who do not deliver and who are incredibly protectionist. In fact, some sources indicate that subsidies provided to western farmers cancel out entirely the aid budget from elsewhere around the world. That is a truly shocking comparison. While we say that we care and that we are giving money, we are effectively taking it away with the other hand.

I commend the work of a number of non-governmental organisations, particularly management accounting for non-governmental organisations—MANGO. All too often, we look at NGOs that provide direct support, but sometimes the nitty-gritty of supply-chain management is much more important. It is slightly less sexy than putting a doctor in-country, and does not provide as good a photograph as a retired bank manager or retired accountant working in Malawi or Ethiopia, but it can be incredibly effective.

Mr. Brooks Newmark (Braintree) (Con) *rose—*

James Duddridge: I shall give way to my hon. Friend, who has had great experience in Rwanda.

Mr. Newmark: I appreciate that comment. Does my hon. Friend recognise the good works of groups such as the Portland Trust, which supports small businesses through microfinance? Does he acknowledge the important role that the voluntary sector plays in such provision to support developing communities?

James Duddridge: I fully support that. Indeed, I would extend such an approach and encourage the Secretary of State to examine ways of providing assistance and tax arrangements that make it easier for business people and civil servants to take a career break and spend a year, or slightly longer, volunteering. I am talking not just about the typical periods of volunteering at the beginning and end of people's careers, but about people sharing their unique experiences in the middle of their careers.

Aid is a widely abused term. It covers the short-term and humanitarian aid, which addresses basic survival, and the medium-term aid of building basic infrastructure and institutions. One area where DFID does not perform well is long-term aid—the hand-holding for democracies and for basic institutions. All too often we say to countries, "Tick your boxes. You have got your elections, and some form of democracy and constitution. You can get on with it now that you have the basic infrastructure to continue developing and growing." All too often, it is not that simple.

Moreover, we have still not done enough on the Paris declaration on aid. Professor Mick Moore, a fellow at the Institute of Development Studies, has written:

"The average bilateral aid donor gives aid to more than a hundred countries, and therefore distributes it in tiny scattered packets. Would you entrust your business to a lawyer known to be handling a hundred cases in any one week?"

A strong case can be made that we should specialise, so that we can do more with fewer countries. In theory, the EU should be good at that but, in reality, it is probably one of the least co-ordinated or efficient donors. The UK and other international donors are directing more money to poor countries, but the EU, under the auspices of aid, is spending more on middle-income nations. The EU's aid budget was not signed off this week—again—so the UK, through the good offices of DFID, needs to do more. The Department is widely praised for its expertise in-country, and it is farcical for our Government to impose a manpower restriction on it simply because of a head-count requirement dreamed up by some Treasury bean-counter or politician.

That is wholly inappropriate but, even so, the DFID motto of "doing more with less" is somewhat disingenuous. The Department is trying to do more with more—more outcomes and outputs achieved through more inputs of money, but with fewer staff at head office.

Mr. Joyce: I wonder whether I have spotted an inconsistency in the arguments presented by the hon. Gentleman, and earlier by the hon. Member for Sutton Coldfield (Mr. Mitchell). The proposition appears to be that a sceptical approach should be adopted to increased expenditure that is not matched by definable outputs and outcomes. I do not disagree, but the argument for more manpower at DFID does not seem to be attached to any particular outcome.

James Duddridge: I am grateful to be able to clarify that I am not arguing for extra manpower. I am simply saying that it should be a possibility, given that the overall administrative costs of delivering good outcomes are likely to increase. For instance, Paul Collier has said that our overall administration costs will rise as we put more money into difficult development schemes. I do not want DFID to be constrained unnecessarily by imposing budgetary support requirements or making it resort to multilateral organisations, when it could employ extra people. One option would be to take on staff from other agencies, but I should much prefer European countries to be able to pool resources in-country.

For example, when the Select Committee visited Ethiopia we found that the European agencies represented there could not say how much the EU as a whole was spending on the development of water resources. All the agencies were supposed to share that task, but each one was willing to talk only about its individual responsibilities.

I turn now to the question of conflict. What should happen after conflicts have ended is talked about a lot in development circles, and DFID's post-conflict resolution unit is top-notch. I have been very impressed with the members of that unit whom I have met, but the unit's work is rather like locking the stable door after the horse has bolted. How about setting up a pre-conflict unit, and placing greater focus on conflicts as they take place? A pre-conflict unit would make it easier to spot which countries are at risk, and enable assistance to be spread more widely. It would also mean that interventions to try to undo the damage being done would not have to be made while a conflict was ongoing, as has happened with the provincial reconstruction teams in Afghanistan.

4.23 pm

Mr. Eric Joyce (Falkirk) (Lab): I am almost reluctant to give credit to Opposition Members, but those who have contributed to the debate have made some good points.

I want to concentrate on the eastern Congo region. Members of the all-party group on the Great Lakes often visit central Africa, including all parts of the Congo, the Great Lakes, Rwanda, Burundi and northern Uganda. I should like to make a few points about the situation in eastern Congo. The Minister may be able to make a few comments on it, and in particular tell us what comments he may be able to make at the Commonwealth Heads of Government meeting in Uganda.

I shall not deliver a history lesson—many hon. Members know more about it than me—but eastern Congo is a crucible of activity that has been affected by what has happened in the surrounding countries, notably the Rwandan genocide in 1994. More recently, we have had an election in eastern Congo. The DRC Government do not have the capacity at this stage—far from it—to ensure that their writ is applied across the Congo. There is a particular difficulty with a general called Laurent Nkunda, who was supposed to have integrated into the DRC army, but has chosen not to. About 360,000 people, by some estimates, have been displaced by the current difficulties in northern Kivu. Charles Murigande, the Rwandan Foreign Minister, has rightly drawn attention to the fact that there are issues for the Tutsis across in the east, and Nkunda sees himself as their guardian angel. There are issues that we should recognise in that department, notwithstanding the importance of recognising the right of the—remarkably, in many ways—democratically elected Government in the DRC to ensure that their writ runs. General Nkunda has chosen for the moment to set himself up as a rival power in the land. He has the kit and the people to enable him to do that. I understand—the Minister may have other news—that there is a possibility that Nkunda might be encouraged to take a sabbatical, if I can put it that way, and go off perhaps to South Africa for a year or two so that his absence could enable a solution to be reached with his followers. That is a major issue.

I know that the Government are not in a position to wave a magic wand and sort this out, but helpful comments can be made by the UK Government. Certainly, the Governments of the region listen. I guess that it is also important to reflect on the relationship between DFID and the Foreign and Commonwealth Office and the Ministry of Defence. That was mentioned earlier. The man in the news at the moment, Lord Malloch-Brown, has been in the news for all sorts of reasons, but he is seized of the issue in eastern Congo. We had a meeting with him just last week. His

[Mr. Eric Joyce]

expertise in international development, as applied through the Foreign and Commonwealth Office, is a positive benefit. Indeed, Baroness Vadera was in eastern Congo only last month.

Another issue for eastern Congo security is a chap called Joseph Kony, who runs a brutal, horrid organisation called the Lord's Resistance Army. His organisation has effectively been displaced from northern Uganda by President Museveni, but it remains a considerable problem. I have met, and many colleagues here no doubt have met, members of the Achole people, who come to the Commons from time to time to lobby. They live in northern Uganda and have benefited from a ceasefire that has applied there for some time. They are the ones who would suffer most if that ceasefire were to cease. It is important that the right messages are sent to President Museveni at CHOGM.

There are things that we can do to move towards resolving the situation, not least dealing with the five International Criminal Court indictees. One is dead and one may recently have died. It seems that Vincent Otti, the second in command of the Lord's Resistance Army, may have been killed a couple of weeks ago. There is some dispute. Joseph Kony is certainly disputing it. Perhaps that is one way to solve the problem of the indictees. They are perhaps down to three; perhaps they could sort the problem out for themselves.

In the meantime, the fact is that the writ of the ICC has to run. There can be no question of cancelling indictments, but it may well be that some local justice solution within Uganda, which President Museveni is keener to find now, can be arrived at. Of course it has to be up to the local parties, but there is a desperate need to sort the situation out. It overspills into eastern Congo.

On security, my hon. Friend the Member for Glasgow, North (Ann McKechin) mentioned gender and violence against women in the eastern Congo, which is of course the most hideous thing—more hideous than anyone can really imagine without experiencing it. DFID funds a hospital called the Panzi hospital, which many hon. Members have visited, which exclusively treats the female victims of violence in the eastern Congo. It is a marvellous institution and a good example of an outcome on the ground that is the result of considerable investment by DFID, and the people there certainly benefit enormously from it.

The one other issue that I want to mention briefly is transparency. I am an enormous fan of any country that wants to put many billions into African economies, particularly into what we might call more viable economies, such as Rwanda's—the hon. Member for Rochford and Southend, East (James Duddridge) mentioned Kigali, and he has more expertise then me—which is beginning to develop industries such as the communications industry. One can imagine investment going into those industries and delivering returns in due course, which must be the ultimate objective of aid. The Chinese Government are investing in a big way throughout the African continent. They are giving a loan of $5 billion to the Congolese Government, which is very welcome. Right hon. and hon. Members will know that some of that aid will return to China, because the recipients will use Chinese labour and Chinese materials, but that is a moot point. We should see the glass as half full rather than half empty.

I have been in contact with a number of mining and other companies over the past few years that do a lot of business in Africa, although not necessarily in the DRC at this stage, because of the security situation. Large international corporations increasingly have a responsible approach to dealing with countries in Africa, not least because if they did not have sensible corporate social responsibility strategies, they would suffer in public affairs terms, they would not do as much business and their share prices would fall.

However, although I welcome without hesitation the large investment that the Chinese Government are making—I understand that the UK Government are in close liaison with them about the good work that they are doing in Africa—a concern remains, justifiably or otherwise, that some of China's large-scale investment is not of the most transparent nature. Hon. Members have talked today about DFID's correct instinct to examine outcomes and measure outputs, but we can see the effects that we are having. We have a considerable number of devices to ensure that we achieve a fair degree of transparency and that the money does not go to all the wrong places, as it used to. Presidents Kabila and Kagame are a new breed; they are not the same as the Mobutus of old. At the same time, if there is a lack of transparency in the large-scale aid packages going to developing countries such as the DRC, the whole system is naturally brought into question in the public mind.

To conclude, although we all recognise a considerable commitment among our constituents to development aid, it seems to me—I could well be wrong; I am wrong on lots of things—that the reality is that there is no enormous political benefit to be had from ramping up DFID expenditure. We do it, and we are supported by the Opposition, because we think that it is the right thing to do. Broadly speaking, my constituents support it, but they will also say that charity begins at home. It is therefore important that ramping up DFID expenditure to at least 0.7 per cent. is seen as exactly the right thing to do, regardless of who is in power.

4.34 pm

Andrew Selous (South-West Bedfordshire) (Con): I begin by paying tribute to the numerous groups in my constituency that regularly beat a path to my surgery door to impress upon me the need to go further and faster in matters of international development. It is a source of pride to me that the largest town in my constituency, Leighton Buzzard, recently became a Fairtrade town. I am pleased to have played a small part in helping to achieve that status. I should also like to pay tribute to groups such as Dunstable Churches Together and the St. Mary's justice and peace group, who have come to see me about these issues on a regular basis in recent years. I have not always agreed with their every policy proposal, but I am in complete agreement on the objective that we all share, namely the reduction of global poverty.

This afternoon, I want to be quite laser-like in focusing on the worldwide cotton industry. I want to do that because 99 per cent. of the world's cotton farmers are smallholders based in the countryside in the poor, developing world. Cotton still provides about half of the world's fibre requirements, and it is an enormous pity that the United States last year provided some $4 billion in subsidies to its own cotton producers, the result of which was severely to restrict access to the US market for cotton growers in the developing world and significantly to push down the global price of cotton. This has had a devastating impact on cotton growers in those countries.

There are other, more serious, issues that I want to draw to the attention of the House today. The next one is that of forced child labour in the production of cotton. It is particularly poignant that we should focus on that subject today, given that this year we are celebrating the 200th anniversary of Wilberforce's abolition of the African slave trade. In Andhra Pradesh in India, about 100,000 children are documented as having been forced to work for up to 13 hours a day for no more than 50 US cents a day. In west Africa, where 40 per cent. of the value of the exports relates to cotton, there is evidence of considerable child trafficking in relation to the picking of cotton.

In Uzbekistan, about which I am particularly concerned, there are reports that between 200,000 and 450,000 children, many as young as seven, are being forcibly taken out of schools, bussed into the cotton growing areas, made to sleep on mattresses, often at the side of the road, and forced to pick cotton, for which they are paid no more than 2p a kilo. I am not making this up; I have seen evidence of it with my own eyes. Hon. Members might have watched the BBC "Newsnight" report on 30 October. I pay tribute to the courageous journalist who went into Uzbekistan under cover. I am not sure whether the Under-Secretary saw it.

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas) *indicated assent.*

Andrew Selous: He will have seen the pictures of soldiers with rifles standing by the children getting on to buses outside empty schools. What has this got to do with us? Quite a lot, really, because Uzbekistan is the world's second largest exporter of cotton, and about one in four garments in the United Kingdom will have some Uzbek cotton in them. So we are probably all involved in some way.

Ms Sally Keeble (Northampton, North) (Lab): Does the hon. Gentleman agree that we need to find a way of protecting the traditional weaving and spinning industries that have been severely damaged by the international trade agreements on cotton? Those agreements are another aspect of the issue that he is describing.

Andrew Selous: The hon. Lady is right, and I will come on to that in a moment.

In Uzbekistan, there is also evidence that teachers have been forcibly taken from the schools to pick cotton. There is even evidence that this has happened to doctors.

What can we do about this? The European Union buys one third of the entire Uzbek cotton crop. It is not good enough for the European Union, the British Government or anyone else to say that the Uzbek Government have signed the International Labour Organisation's forced labour conventions Nos. 29 and 105. What is the EU-Uzbekistan human rights dialogue doing about that situation? Is the EU just accepting the word of the Uzbek Government? I probably do not need to remind Members that as recently as May 2005 that Government brutally butchered large numbers of their people, including women and children, when they went out on the streets to protest. It is no good the EU having the power as a trading bloc to negotiate on our behalf if it does not take up such serious issues, and when the Minister replies I would be grateful if he would address that point. If we are doing such a large amount of trade in cotton produced by the forced labour of children taken out of school it is a subject that I and other Members will take very seriously indeed.

Tony Baldry: I think I am correct in saying that technically Uzbekistan is a middle-income country. There is an increasingly large number of very poor people in middle-income countries—indeed, soon many of the poorest will be in such countries—but because we have pro-poor budget policies we do not always engage much in development programmes in those areas. Does my hon. Friend think there is an issue about how we connect with poor people in countries whose commodities and minerals mean that they are technically middle-income countries?

Andrew Selous: I am extremely grateful to my hon. Friend, who has raised a valid point that I hope will not be lost on DFID. In international development, I hope we are concerned with poor people all over the world, whatever their situation; just because there are some extremely rich people in the Uzbek Government, due to their oil assets, we should not lose sight of the rural poor and the children who are forced to pick cotton, as I described earlier.

The solution lies not just in the trading policies of Governments, or with the EU or the United Nations; it lies with us as individuals, too. I was delighted when a little while ago my hon. Friend the Member for Sutton Coldfield (Mr. Mitchell) wrote to every Conservative Member encouraging us to use fair trade products, such as tea and coffee, in our offices. I already do so in my offices in my constituency and the Commons and in my home.

We tend to think of fair trade only in terms of products such as tea, coffee, bananas and chocolate, but there is an embryonic market in fair trade cotton. It is less than 1 per cent. of the entire UK cotton market at present, but the fair trade organisation is optimistic because the figure is rising fast. I understand that fair trade coffee is 7 per cent. of the total UK market, so there is clearly more that can be done.

If people were fully aware of the way that cotton is produced and of the consequences for those who pick it, there would be more concern to put pressure on suppliers. Overall, the consumer is king, so it would be a powerful way to do something about the appalling conditions that I described.

[Andrew Selous]

In international development terms, it is true that a sustainable environmental policy is key to sustainable economic development. As I said in an intervention earlier, cotton is an extremely thirsty crop, and the cotton industry in Uzbekistan has brought about one of the world's greatest environmental disasters—the virtual drying up of the Aral sea, which is only 15 per cent. of its former size. That has had a devastating impact on people and industries in the surrounding area. We need the turquoise revolution to which my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) referred in his report; we should use harvested rainwater and drip-fed irrigation to grow more drought-resistant and faster-maturing crop varieties that are suitable for semi-arid areas.

All over the world, a tremendous amount of pesticide is required to grow cotton. That matters; figures show that about 20,000 people in the developing world die every year from the $2 billion-worth of pesticide used to grow cotton. About 1 million people require hospitalisation as a result of pesticide use, and there are perhaps up to 5 million cases of people's health being adversely affected.

I have seen a small piece of good news in the International Development Committee's report, which says that DFID was involved in a project in India that halved the amount of pesticide use, while leading to an increase in production—so there is some hope there. However, some of the chemicals used are extremely strong. Aldicarb is the second most common cotton pesticide. It is, in fact, a powerful nerve agent and a teaspoonful would be enough to kill an adult. In 1995, in Alabama, endosulfan was responsible for killing about 250,000 fish when it got into the local freshwater supply.

The use of chemicals does not stop there. Coming back to the point made by the hon. Member for Northampton, North (Ms Keeble) in her intervention on me, there is an issue with the further use of chemicals in the rotor spinning machines that are used to turn cotton into yarn that can be used for material. Many extra chemicals, such as formaldehyde, are used to turn cotton into a soft enough material, and the organic cotton campaign is keen to do something about that issue.

I should be grateful to the Minister if he particularly addressed in his response what the UK Government intend to do in respect of our trading relationships in the EU and the action that the ILO and the UN are taking to ensure that we are not all complicit in the use of child labour in the clothes that we wear.

4.46 pm

Mr. Virendra Sharma (Ealing, Southall) (Lab): I rise to speak in this debate immensely proud of the record of this Labour Government in international development. As a new Member, my political philosophy and political motivation have always been to fight against injustice and poverty wherever they are found throughout the world. I therefore feel a very personal commitment to support the work of DFID and the Government in this respect. Having been born in and lived my early life in India, I know first hand the challenges that poverty and the lack of economic development bring.

I want to take this opportunity to thank and congratulate the Government on their achievements over the past 10 years. They have taken the lead in international efforts to tackle global poverty, with the historic aid package agreed at Gleneagles being of huge significance, following the high-profile Make Poverty History campaign. The setting up of the international finance facility for immunisation, which could help save 10 million lives by 2015, is another tangible achievement. The recent comprehensive spending review demonstrated that the Labour Government are delivering on their overseas aid promises and that we are on course to deliver the UN gold standard of 0.7 per cent. of gross national income to be spent on overseas development assistance by 2013. By 2010, this Labour Government will have trebled the aid budget in real terms since 1997, by increasing aid from £2.1 billion in 1997 to £7.93 billion in 2010.

DFID is internationally recognised as the world's leading development organisation and has played a key role in progress on the millennium development goals. It has assisted in writing off 100 per cent. of the debt owed by the world's most heavily indebted countries, and DFID's programmes have contributed to significant results on the ground, by lifting 3 million people permanently out of poverty each year.

I should also like to congratulate the Government on their work in Africa, which the Secretary of State mentioned in his opening remarks. Through its global leadership, the UK has put the issue of Africa centre stage. Under the UK's presidency, the G8 agreed an increase in aid of $50 billion a year by 2010, 100 per cent. debt cancellation, and free education for all. Obviously, the challenge now is for all G8 partners to fulfil those commitments and get Africa back on track to meet the millennium development goals. The UK has now prioritised Africa in its development aid and DFID aid to Africa is significant and growing. That is the right decision, and I welcome it.

As a Member who represents a constituency in which about 50 per cent. of the constituents were either born in the Indian subcontinent, or have parents or grandparents from there, I—like my constituents—am particularly interested in the DFID work in India, Pakistan, Bangladesh and Sri Lanka. Again, I congratulate the Secretary of State and the Department on the fantastic work that has been done in the last decade in these areas.

In Bangladesh, DFID's aid contributes to more than 1,300 people escaping from poverty every day. The £100 million committed to the Bangladesh primary education programme will give 17 million children a year a good quality primary schooling. DFID is also providing clean water to 7.5 million people in Bangladesh and almost 2 million people in India. In health spending, DFID is financing more than 20 per cent.—£100 million—of the Indian national polio vaccination campaign. In India, the UK is helping girls go to school through support for a midday meal scheme, free textbooks, free notebooks and pencils, and, more recently, free school uniforms for girls.

Following the 2005 earthquake in Pakistan, which killed 73,500 people, many of whom—because of poorly constructed schools—were children, the UK committed 10 per cent. of the £53 million humanitarian response budget to longer-term disaster risk reduction, which

has helped to strengthen early warning systems and to support Governments in establishing and monitoring effective building codes. I applaud all those efforts and initiatives—and others that I have not mentioned.

I would like to make a couple of cautionary points, which I know the Government are aware of and working on. First, on human rights, it is vital that recipient Governments are under no illusions about the need to meet their responsibilities in relation to the human rights and good governance criteria that are part of development agreements with the UK. I am referring to Pakistan and Burma. The balance is tough to get right—in terms of withdrawing development assistance from recipient Governments who transgress in this regard, without removing support and thus harming the very poorest people in those countries—but I know that the Government are very sensitive to these challenges.

Secondly, it is vital that all development projects look to the long term and endeavour to support independence and self-sufficiency in the recipient nations, Governments and people.

Finally, from my own experience, I would like to comment on the targeting of aid. In India, there are some areas that are perceived as being affluent, but which still contain severe pockets of deprivation. In my own state of Punjab, there are still areas where significant work needs to be done to provide clean water, improved education and agricultural reforms. I hope that the Secretary of State and the Department will look into this matter and I commit myself to work closely with the Department, using my personal knowledge and contacts to assist in targeting resources to the poor areas.

It is important that DFID has close working relationships with groups and people in the UK who are originally from the Indian subcontinent, so that it can engage their support and knowledge, and so that we can all fight together against the evils of society on the subcontinent. There is economic growth there, but we need to consider the social aspects of society, particularly in India. My hon. Friend the Member for Glasgow, North (Ann McKechin) mentioned gender problems; there are the issues of child labour, forced marriages and poor education for women to consider. It is our responsibility to look into those issues, to support projects, and to work closely with groups in this country that are working independently from the Indian subcontinent. We must work together to eliminate those problems. Finally, I commend the work of the Secretary of State and the Department to the House, and pledge my wholehearted support to their efforts to eradicate injustice and poverty throughout the world.

4.55 pm

Tony Baldry (Banbury) (Con): It is a pleasure to follow the hon. Member for Ealing, Southall (Mr. Sharma). His predecessor, Piara Khabra, was a member of the Select Committee on International Development in the last Parliament. Piara was always one of the most assiduous members of the Committee, and often asked the most pertinent questions when we travelled overseas.

The hon. Gentleman made an interesting point about India; it will soon be a middle-income country, but as we all know from travelling through India, there are huge areas of deep poverty. The issue of how best to respond to India in the coming years will be quite a challenge for DFID and other donors. At the moment, DFID supports four development programmes in four states. It will be interesting to see how we all respond to an ever growing number of very poor people in what are technically middle-income countries.

It is DFID's 10th anniversary; I am not sure whether there has been a party to which we were not invited. It is worth taking stock. DFID and the Government deserve to be congratulated on what DFID has achieved in the past 10 years. If one reads Alastair Campbell's diaries—compulsive bedtime reading for most of us—it is clear that it was thought reasonably risky to set up DFID, and to make the right hon. Member for Birmingham, Ladywood (Clare Short) the first Secretary of State. Actually, those of us who worked with her think that she did incredibly well, and it is a pity that although she is still a member of the House, she rarely contributes to our debates. She managed to get DFID respected in Whitehall as a lead, main Department, pari passu with other Departments in Whitewall.

It is much to Tony Blair's credit that he achieved so much in the build up to, and at, Gleneagles. It is to the current Prime Minister's credit that, following the comprehensive spending review, DFID is projected to spend almost £8 billion annually in the developing world—a phenomenal achievement. There is now consensus in the House on 0.7 per cent. of gross domestic income going toward development assistance, and on the timetable for that; that, too, is a great achievement.

Frustrations in the past 10 years include the failure on trade policy. The World Trade Organisation negotiations failed at Hong Kong. In fact, they failed so badly that no WTO ministerial conference has been convened on Doha since 2003, notwithstanding the obligation to hold a ministerial conference every two years. The achievements in the past 10 years are therefore tempered by some frustration.

There are several reasons why the commitments made at Gleneagles may be squandered. The first two are the responsibility of developing countries, especially in Africa. The first is good governance, a theme to which we keep returning. It slightly does one's head in, really. We have gone through various initiatives such as the New Partnership for Africa's Development. The whole point of NEPAD was that there should be peer pressure to try to encourage countries to have good governance. But while Zimbabwe continues to disintegrate into an abyss of misery and chaos, with countries around Zimbabwe standing silent, it is difficult to see what impact NEPAD is having. We must continue to champion the need for good governance, particularly in Africa.

Andrew Selous: With reference to Zimbabwe, I am interested to know what my hon. Friend thinks would be the appropriate response from the United Nations in terms of the responsibility to protect.

Tony Baldry: There is a whole speech to be made on what we do about the responsibility to protect. As we have seen in the case of Darfur, it often comes down to

[Tony Baldry]

the difficulty of finding peacekeepers, peace monitors, lift capacity and so on. It is frustrating that we are no further forward on Darfur than we were a year ago. Indeed, things are getting worse.

Under the NEPAD agreement, there is a responsibility on African countries to bring peer pressure. That was part of the deal, and we would give greater development assistance. However, the problems are not just in Africa. There are real concerns about what is happening in Pakistan.

We in Banbury are building a secondary school in the earthquake-stricken area of Kashmir, and not long ago I went with leading members of the Kashmiri community in Banbury to meet the head of the education department in Islamabad. We were talking about madrassahs, and he made the point that because so many parents in Pakistan are so poor and cannot get their children to school because the schools do not exist, sending them to madrassahs is better than nothing.

If we do not invest in literacy in countries such as Pakistan, we will obviously create problems for the future, but if Pakistan continues to undermine democracy there is no incentive for foreign direct investment in Pakistan. Sorting out conflict is therefore as important as sorting out good governance.

Another set of threats to delivery of the Gleneagles aims are failures on the part of donors—not the UK Government, but on aid commitments Italy, for example, is woefully off target. Since 2005 overall overseas development aid through the DAC—Development Assistance Committee—system, has marginally but astonishingly gone down. We should ensure that countries that make great commitments at summits such as Gleneagles deliver on them.

There is a consensus about the need to secure a genuine pro-poor trade deal at the World Trade Organisation. As I have repeatedly said during the debate, we need to think about what to do about middle-income countries. The benefits of reducing tariffs and liberalising rules of origin would be phenomenal. According to Oxfam, just a 1 per cent. increase in Africa's share of world trade would generate the equivalent of seven times the aid that Africa receives.

We must make sure that in the aid system there is accountability to both taxpayers and developing countries. This annual debate is bound to include discussion about the machinery of government. In the debate on Burma a little while ago, I raised with the Secretary of State the issue of budget support. The committee that the Secretary of State announced today is fine. It is an interesting step in the right direction, but it is slightly circular to have a committee to evaluate whether DFID's evaluation of its own aid programme is of value. What is needed is some process whereby the outcomes of DFID's programmes are measured and evaluated.

The time limit in the debate does not allow me to set that out, but I am happy to write to the Secretary of State. Since his castigation of me during the Burma speech, I have been doing quite a lot of research, and I could bore the House to tears with comments by the former Secretary of State and so on. When it came to offering direct budget support to countries such as Uganda and Ethiopia, all that happened was that DFID officials had to monitor the Government's concern for how the money was spent. If, however, one is to spend money through multilateral agencies or project support, one needs a completely different mix of officials within DFID. All the officials I ever met in DFID were very high calibre: the Department probably has more fast-stream officials in Whitehall than practically any other Department, which is very good news, but one requires a different mix of them.

The constituency of people contributing to debate in the House is a constituency within Parliament as a whole. Colleagues in Westminster and the wider world in our constituencies are important in persuading the country and our constituents that investing in overseas development is worth doing. It must be possible to reach some consensus about how outcomes of DFID programmes can be measured and evaluated. If DFID could achieve that, we would not run into difficulties down the line, with people saying that money was wasted on this or that development programme, as we could have demonstrated that aid and assisting people works.

My final point is that we need to place more emphasis on jobs and enterprise in developing countries. Whenever one goes overseas—I know that members of the Select Committee, chaired by the right hon. Member for Gordon (Malcolm Bruce), often go overseas—the question is always where the jobs are going to come from. As the Secretary of State said, we need to think about how we can help with enterprise and development business. He told us about the Department's agricultural initiatives, which are crucial and worthwhile.

On DFID's 10th anniversary—I hope that at some stage we will have the opportunity to present the Department with a birthday cake, which it deserves—there remain some areas of concern, not least how we are going to measure outcomes in the future.

5.7 pm

Ms Sally Keeble (Northampton, North) (Lab): I agree with those who think that the ending of world poverty depends on economic growth. However, there is a difference between economic growth and development. The problem with the growth approach is that, without proper mechanisms for redistribution, the trickle-down effect simply does not reach some people. We acknowledge that in this country, which is why we have child benefit, school meals programmes, fruit in-school programmes and school milk programmes.

The people not reached by pure economic growth are always the same people—especially vulnerable children—and it will come as no surprise to the Under-Secretary, my hon. Friend the Member for Harrow, West (Mr. Thomas), when I say that that is the group I want to talk about, particularly in the context of DFID developing its HIV/AIDS strategy. Does the Department recognise the need for a strategy for HIV/AIDS orphans? In particular, will the Minister commit to ensuring that funds continue to be earmarked for those children? Unless we do that, all the economic growth in the world will not result in any improved conditions or circumstances for those children.

I want to raise a couple of points, the first of which is about scale. In this country, we do not remotely recognise the scale of the problem of orphans and vulnerable children resulting from the HIV/AIDS epidemic. We are talking about 14 million children, almost all in sub-Saharan Africa. Just think about what that means in some countries. In Zimbabwe, the population is now down to about 11 or 12 million. I know from discussions with UNICEF people that estimates range from between 900,000 to 1.25 million orphans and vulnerable children in that country. That means that roughly one in eight Zimbabweans is now an orphan, which is a staggering problem for such a failed state to cope with. Once there is a change of regime there, the world will have to pick up that problem, because those orphans and vulnerable children will still need support.

The services needed by those children involve major complexity. They need food. We hear a lot of talk about sustainable development, and about feeding programmes having to be sustainable from within the community, but children are not sustainable unless they are fed. I have been to many projects whose store rooms have had no food in them. For one reason or another, they cannot get it from the World Food Programme, and they have to scratch around for bits of money. I have told my hon. Friend the Under-Secretary of instances when I have paid their grocery bills and so on with my small change, because they simply did not have food. I have seen that in country after country.

Such children need maintained shelter, social care and legal rights—if a group of orphans are left after the parents have died, the family will come and take the hut from them, and sometimes simply leave them. They need school fees and bus fares paid, if there are buses, and the cost of uniforms, pencils and so on paid for. They need protection, particularly if they are street children. And they need antiretrovirals, which is a whole other issue.

By and large, the departments that deal with children's issues in most developing countries are quite weak—they are across and down from the centre of power, much as they were in this country before children's issues were properly recognised in the Department for Children, Schools and Families. A dedicated strategy and earmarked funds are therefore needed. If money goes into the general kitty, it will disappear into spending on those parts of government that make the biggest demands—usually the big institutions.

As my hon. Friend the Under-Secretary knows, over the past four years I have built up a small charity that provides support for orphans and vulnerable children in Zimbabwe, Kenya and Tanzania. That has given me some insight into what happens to those children when they do not get care.

Let me briefly recite one story of a little girl called Beatrice. In the year I first saw her, her mother had just had a little baby. She also had an older sister and brother. The mother was HIV-positive, but they were all on antiretrovirals and all managing. The next year, the mother had died; the baby had died; the eldest girl, who was not HIV-positive, had been taken away by relatives up-country; and the boy, who was HIV-positive but quite well, had been taken into an orphanage. I saw the little girl in an emergency shelter in Nairobi, with no organisation that had funds to protect her. I visited the orphanage where the little boy was, and it did not even have the bed nets that DFID has sent all around Kenya. I know that the bed nets were delivered to that area, but they did not reach the orphanage. They had gone to the district commissioners, and goodness knows where after that. Unless we do careful work on tracking and have the determination to help those children, they will not be helped.

What is needed? I point my right hon. Friend the Secretary of State and my hon. Friend the Under-Secretary to the excellent work coming from the working group on orphans and vulnerable children of the UK Consortium on Aids and International Development. Earmarked money for orphans and vulnerable children is needed—10 per cent. of the money spent on HIV/AIDS. More work on tracking is also needed. There have been difficulties, and while some of the money is starting to come through, unless the funding stream is maintained and given a bigger push, those children will suffer. More work is needed on prevention of mother-to-child transmission, on diagnostics and particularly on the infant formula.

We sometimes do not realise this, because perhaps we do not see people on ARVs, but they have a transformative effect. I remember going to Zimbabwe and seeing a little child who appeared to be at death's door. When I went back a year later I asked what had happened to her, expecting to be told when she had died. The man who ran the orphanage said "Blessing? There she is, over there"—and there was the little girl, running around. They had managed to put her on antiretrovirals, and although for some unknown reason she was left with some disability in her legs, she was healthy and, as long as she remained on antiretrovirals, would have a reasonable life. However, more infant formulas are needed so that people who have built up resistance to one can go on to another.

The money must go to where the children are. It needs to go to the organisations that are working with them most closely, especially the community-based organisations that provide networking and care in the community at the most basic level. I urge my right hon. Friend the Secretary of State and my hon. Friend the Minister, when considering DFID's strategy for HIV and AIDS, to pay serious attention to the orphans and vulnerable children whom many describe as the "third wave" of the epidemic. The first wave is the infection, the second is death, and the third is those orphans and vulnerable children.

Even after the new infections stop—and in some countries, fortunately, the rate is falling—the people who are infected will die and the orphans and vulnerable children will remain. They will need protections and safeguards for generations to come, particularly in Zimbabwe and other countries that are emerging from collapse, conflict and chaos. Once the curtain has rolled back in Zimbabwe, we will see the terrible toll of HIV and AIDS. We will see a whole generation of children who have been voiceless in what has happened, who have suffered some of the cruellest losses, and whose shattered lives will need to be rebuilt—but we can only do that if we have the committed 10 per cent. of funds, along with tracking mechanisms to ensure that it reaches the children.

5.17 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): It is a huge privilege to wind up the debate for the Opposition. It has been a sober and highly constructive debate. I think it a great pity that the public do not see more such examples of the House's work, rather than the more flamboyant occasions.

We have heard 13 excellent speeches, and I hope that Members will show me some forbearance if I do not mention them all. The Secretary of State gave us two particularly good pieces of news in what was a very good speech. First, he confirmed that his Department was giving an extra £100 million to the United Nations Population Fund, which I am sure the hon. Member for Calder Valley (Chris McCafferty) was very pleased to hear. As the hon. Lady will know but others may not recall, I am going back to my roots: I used to be chairman of the all-party parliamentary group on population, development and reproductive health—a position in which she succeeded me. She mentioned her excellent report, and the devastating effect of problems of this kind on women in Africa, producing the horrific statistic that one woman in 20 dies from maternity-related problems. The group dealt with precisely the same issues when I was its chairman, and it is sad that there has been so little improvement in the intervening period.

The other good news in the Secretary of State's speech was the additional £20 million for the Governance and Transparency Fund. Many Members have mentioned the desperate need to find a way of improving governance, particularly in the countries of Africa. I shall return to that subject if I have time.

I pay tribute to the right hon. Member for Coatbridge, Chryston and Bellshill (Mr. Clarke)—if I do not mention all the people in his constituency, they will be upset—who always makes a very sound speech. He must be congratulated on producing what is now an Act. As he said, this should become an annual debate, and I hope that the Secretary of State has taken that on board. He also made the very good point that we need to encourage all other nations that signed up to Gleneagles commitments to meet the target of 0.7 per cent. of gross national income. It is now a widely accepted United Nations target, but in the last speech or two we heard that one or two countries are falling short, and we must do all that we can to encourage them to meet their commitments. As the right hon. Gentleman said, the 0.7 per cent target is not the end of the matter. We hope that our GNI will continue to grow considerably so the budget will not be set in absolute terms but will grow in real terms as well. We hope that other countries' budgets for international development will grow in the same way. I agree with what the right hon. Gentleman said about the relationship between aid, trade and debt. I will come back to that issue if I have time.

We heard an excellent speech from the right hon. Member for Gordon (Malcolm Bruce), the Chairman of the Select Committee; in fact we heard excellent speeches from several members of the Committee. I congratulate the right hon. Gentleman and his staff on producing the report for the debate today. As he said, the report has added hugely to the quality of the debate. I congratulate him also on what his Committee is doing in going to some of the most difficult troublespots in the world. I, too, have visited Afghanistan and it is a very difficult country to get around in. It is not safe and I congratulate the Committee on going there, as one of the biggest jobs in the world is in Afghanistan. Will the Secretary of State consider having a powerful international co-ordinator so that all agencies—including USAID, which has a tendency to go round the country doing its own thing—are tied in together, along with all military efforts from NATO and the Americans?

I shall give the House an example of where that is not happening at the moment. USAID suddenly announced that it wanted to spend many billions of dollars on the Kajaki dam project to produce hydroelectricity without first checking that the security situation would be good enough to get the heavy rotary pumps into place by road.

I commend the proposal in the globalisation and poverty report produced by my right hon. Friend the Member for Witney (Mr. Cameron) for demonstrating how keenly important trade is to ensuring that we sustainably lift out of poverty some of the countries of the world. My hon. Friend the Member for South-West Bedfordshire (Andrew Selous) said that we needed to make sure that aid was seen as a tool for getting middle-income countries out of poverty and towards developed country status.

I have just come back from looking at economic partnership agreements in Uganda, as well as in the Caribbean and Pacific. Many of those Caribbean countries that are currently middle-income countries, with a little extra help, could be turned into developed countries and would not need any aid at all.

Will the Minister be very kind and answer one or two questions about one of the most pressing issues of the day, economic partnership agreements? There is an absolute deadline of 31 December because of the EU's requirement to be WTO-compatible. In view of the Cotonou agreement, will he let the House know the current progress? Are we likely to have any or all of the six agreements signed by 31 December? I know that there is a critical meeting of the Commission and Ministers next week, so it may be slightly premature to ask the question. However, when I was in the Caribbean last week, the issue was very much in the balance and I met several Trade Ministers who were very unhappy. I hope that an agreement can be made that is satisfactory to all parties.

The Cotonou agreement envisaged that if an EPA were signed, there would be a satisfactory package of development aid. The Trade Ministers were unhappy that at present—the Minister may be able to update us—no such package of aid has been agreed to help what in some of the smaller islands will be a difficult and painful transition.

Let me give an example of the sort of thing that could happen under these economic partnership agreements. I recently met some Seychelles MPs. The Seychelles has a population of about 88,000. One major industry is tuna canning, which employs several hundred people, and the MPs were fearful that if the EPA goes through in its current form that entire industry would go to Thailand as it would not be cost-competitive. That would be a difficult transition, and we must bear such situations in mind. Is the Minister satisfied that sufficient impact assessments

have been conducted in respect of such countries so that we know what effect the EPAs will have in the short to medium term?

My final question in terms of the EPAs is on the interpretation of the WTO rules. One important element is the interpretation of what counts as the substantial opening up of markets. It has in the past been perceived that that would mean that the EU would open up 100 per cent. of its markets to some of the smaller African, Caribbean and Pacific countries, but in return they would open up 80 per cent. of their markets. It seems, however, that the ground has shifted in the past week or two—that the 80 per cent. figure has increased to 90 per cent. That would make a huge difference, and if the ground has shifted we must look carefully at whether the EU is operating double standards. It was asking for at least 8 per cent. of sensitive industries, mainly agriculture, to be excluded from the WTO arrangements—which is one of the reasons why the Hong Kong round has so far not succeeded—but on the other hand it seems to be pushing the ACP countries down from 20 per cent. to below 8 per cent. That would have an even more difficult effect on such countries. The EU cannot have it both ways.

Many other issues have been raised. I agreed so much with most of what my hon. Friend the Member for Rochford and Southend, East (James Duddridge) said that I was almost leaping up at every moment to intervene. He made some very important points. I know from a former role of mine how important it is for the different Departments to co-operate—for example, the Foreign Office, DFID, the Ministry of Defence and the new Department for Business, Enterprise and Regulatory Reform. That is especially the case in terms of some of the most difficult human rights issues in the world—those in Darfur and Zimbabwe, for example. The international community must try to put in place packages so that we can stop such countries collapsing into absolute chaos and causing extreme misery to their populations. Last week, I met Zimbabwean representatives of an excellent charity called ZANE. It is doing very good work in Zimbabwe, but it was harrowing to learn that because of the regime's measures forcing goods to be sold at the same price as two years ago there are no goods in most of the shops and children in particular are beginning to get into a very parlous state. We in the international community must find a mechanism whereby we can stop countries getting into such difficulties and causing such misery to their people.

In an intervention on my hon. Friend's speech, my hon. Friend the Member for Braintree (Mr. Newmark) mentioned the Portland Trust and microfinance. I travelled to Nigeria last year and witnessed one of DFID's microfinance projects. It was wonderful to see how some of the poorest people in the world in Kano were being encouraged to make rugs and thereby provide a little bit of money for themselves and their children. It is amazing how very small sums of money—guaranteed loans or even grants from DFID—can make such a huge difference.

My hon. Friend the Member for South-West Bedfordshire was right to say that we need to look at some of the farming practices in the third world and the developed world—I say that coming from my background as a farmer, which I declare now. My hon. Friend is right that we must make sure that the developed world is not adopting practices that put some of the poorest farmers on the planet out of business. That is, of course, one of the reasons why the WTO round has so far failed. He mentioned the US subsidy to cotton of $4 billion, which is one of the principal reasons why it has failed to date.

My hon. Friend was right about other things, too. I support the Fairtrade initiatives. While I was in the Caribbean I heard of the considerable effect in St. Lucia of the banana Fairtrade initiative. Sainsbury's now stocks only organic bananas, principally from St. Lucia, which has had a hugely beneficial effect on that country.

Ms Keeble: Will the hon. Gentleman give way?

Mr. Clifton-Brown: As the hon. Lady was one of the last to speak I might not quite get to her contribution, so I will happily give way when I have finished this point. The Fairtrade initiative's time is coming, and one or two of the supermarkets are beginning to adopt a fair trade regime for cotton, which is extremely welcome. My hon. Friend the Member for South-West Bedfordshire referred to the 300,000 to 400,000 children who are seized and taken out of school to work in the cotton fields in Uzbekistan for a matter of 2p a kilogram. That is an absolute disgrace and as he said, the BBC did a fantastic job in exposing that under extremely dangerous conditions. I will now happily give way to the hon. Member for Northampton, North (Ms Keeble).

Ms Keeble: I thank the hon. Gentleman for giving way. On farming, is he aware that our clampdown on tobacco products has resulted in a 15 per cent. drop in the tobacco harvest in Malawi? Does he think that wealthy countries such as ours that institute such bans should provide support for Malawian farmers and others, so that they can grow alternative crops and are not pitched into poverty?

Mr. Clifton-Brown: I entirely agree. We saw in Afghanistan the great difficulty in persuading farmers not to grow narcotics and to grow alternative crops. The hon. Lady is absolutely right: we should help farmers in Malawi and in many other countries to diversify into crops that are more environmentally friendly, or more human-friendly.

I have just two minutes left and in that time, I want again to congratulate the Government on moving towards the 2013 UN target of 0.7 per cent. of gross national income. However, in moving towards it they need to consider two critical things, the first of which is the level of staffing. If they reduce the staff dealing with such projects in-country, they will inevitably have to direct more of their budget to the direct budget funding of the individual country concerned, or through multilateral agencies. Those are both good things in themselves, but as the hon. Member for Ealing, Southall (Mr. Sharma) rightly said, DFID has the best reputation in the world as an aid and international development provider, and we want to make sure that that is maintained. We should bask in its glory and congratulate all its staff on what they do, but as my hon. Friend the Member for Sutton Coldfield (Mr. Mitchell) rightly said, we need to ensure that that money is being spent wisely. I suspect that the Government's independent watchdog will become

[Mr. Clifton-Brown]

merely a puppet of the Department, and I urge the Secretary of State to ensure that it is more independent. If it is critical in one or two areas, it is doing a thoroughly good job.

I come back to the theme that the right hon. Member for Coatbridge, Chryston and Bellshill started, and which the hon. Member for Northampton, North finished with. Many of our constituents might be critical of the huge amount of money going into international development. I say to them that if they had come with me to Haiti last week, they would have seen the abject squalor and filth, the absolute poverty and the number of children just wandering around the streets with no education, and no education available to them. There are many other countries like that. A country such as ours, which has so much, should be well and truly prepared to provide its full share to those who have so little, and it should expect other countries to live up to their Gleneagles commitments and do the same.

5.33 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): I join the hon. Member for Cotswold (Mr. Clifton-Brown) in welcoming this extremely interesting debate. As he rightly said, there have been some very thoughtful contributions from Members in all parts of the House. I echo the comments of my right hon. Friend the Secretary of State and of the shadow Secretary of State in paying tribute to the work of my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) in taking the International Development (Reporting and Transparency) Bill through the House last year. As the Minister in the Department for International Development who had the pleasure of responding to debates on his Bill, I should tell the House that he was ferociously polite, always assiduous in pressing his case and extremely careful to take into account opinions from all parts of the House. I know that he consulted civil society thoroughly during the passage of the Bill, and its enactment continues to be a tribute to his skill in navigating the complexities of this House.

One area that my right hon. Friend particularly focused on throughout his contributions in the House, and in all the private discussions that we had, was his insistence that the Bill must ensure that there was year-on-year reporting on our progress to meet the UN goal of 0.7 per cent. of national income being spent on development assistance. I therefore welcome his comments about the outcome of the comprehensive spending review. As my right hon. Friend the Secretary of State made clear, the Government will provide more than £9 billion of overseas aid a year by 2010, keeping us on track to meet the Prime Minister's commitment to achieve the 0.7 per cent. target by 2013.

The hon. Member for Sutton Coldfield (Mr. Mitchell) made a number of comments and asked a series of questions, to which I shall return. I welcome his opening general praise, and the comments of several other hon. Members praising the Department and those who work outside it in the area of development. There are many highly committed people in civil society, in international institutions and in our Department, who often work in very dangerous places, and I join the House in paying tribute to their courage and passion.

My hon. Friends the Members for Glasgow, North (Ann McKechin) and for Calder Valley (Chris McCafferty) asked a series of questions. Before I come to some of the specifics that they raised, may I take the opportunity to pay tribute to their work as the respective chairs of the all-party group on debt, aid and trade and the all-party group on population, development and reproductive health?

My hon. Friend the Member for Glasgow, North, asked, among other things, about the need for further innovative sources of finance to help tackle both international poverty and the adaptation needs flowing from the climate change challenges that we face. I reassure her that we are looking at exactly that issue, in part because of the run-up to the Bali considerations, and we will, of course, carefully examine what her all-party group has just published.

The all-party group that my hon. Friend the Member for Calder Valley chairs has been a bright and shining star in the fight to get safe abortion facilities and the access to the sexual and reproductive health commodities that women across the developing world deserve. I hope that she will recognise and continue to champion my right hon. Friend the Secretary of State's announcement of £100 million of further assistance to the United Nations Population Fund as an example of this Government's continuing commitment in the area of interest to her all-party group.

I say gently to the hon. Member for Hornsey and Wood Green (Lynne Featherstone) that I cannot echo such positive comments in respect of her speech. I thought that it was disappointing. If she mentioned the millennium development goals at all, I for one missed it. Her speech certainly did not dwell on the plight of the 1 billion people who live on less than $1 a day or on the possible solutions to help tackle that poverty.

Lynne Featherstone: I want to correct the hon. Gentleman. I mentioned three of the MDGs specifically: those on gender equality, climate change and poverty.

Mr. Thomas: I say to the hon. Lady that merely mentioning those MDGs is simply not good enough. Her speech seemed to be more about Saudi Arabia than about development. I suspect that that reflects, with some notable exceptions, the lack of priority that her party has given international development. In the time that I have been a Minister in the Department for International Development, the Liberal Democrats have changed their international development spokespeople on an almost annual basis.

Lynne Featherstone: The mention of Saudi Arabia was with regard to corruption and asking: how can we lecture the Africans? In fact, the hon. Member for City of York (Hugh Bayley) has just given me a very good report, "The Other Side of the Coin", which goes into how much corruption robs from development aid. That was the point that I was making. How can we lecture Africa?

Mr. Thomas: I am glad that the hon. Lady has been given help by others in the House: on the basis of her speech, I think that she needs it.

A number of hon. Members, including the hon. Member for Rochford and Southend, East (James Duddridge), entirely fairly highlighted the need to step up work on developing the private sector. My right hon. Friend the Secretary of State and Baroness Vadera are exploring the scope for further work by the Department in that area. I hope that the hon. Gentleman will join me in welcoming the Prime Minister's commitment to spend some £750 million on aid for trade, which I will air next week at the first ever global meeting on aid for trade, convened by the World Trade Organisation. I hope that the hon. Gentleman will see that as a particularly positive development.

My hon. Friend the Member for Ealing, Southall (Mr. Sharma) and the hon. Member for Banbury (Tony Baldry) mentioned the importance of India in achieving the millennium development goals. I pay tribute to my hon. Friend for his long-standing interest in India and poverty there. He was right to draw attention to the fact that some 350 million poor people in India still live on less than $1 a day—more than the number of poor people who live in the whole of sub-Saharan Africa. I assure my hon. Friend that we will continue to work for a reduction in poverty in India.

My hon. Friend the Member for Falkirk (Mr. Joyce) highlighted the huge tensions in the eastern Democratic Republic of the Congo. We continue to press for a political solution rather than a military one, for reasons that the House will understand. He and my hon. Friend the Member for Glasgow, North highlighted the terrible suffering of women in the DRC. In the time available, I cannot do justice to the scale of their suffering or to the full range of our response, but let me highlight one small example of the way in which we are trying to help. Through our aid for reproductive health care, some 500,000 women in the DRC are benefiting from much better access to such health care. I hope that that gives the House some reassurance about our continuing focus on that matter.

My hon. Friend the Member for Northampton, North (Ms Keeble) praised the contribution of a series of NGOs that work to support orphans and vulnerable children. In turn, I praise her long-standing interest in that subject, her continuing questioning and her appetite to ensure that the Department makes more progress. Our commitment of 10 per cent. of our funding for aid spending on orphans and vulnerable children three years ago was designed to galvanise interest in the matter across the international donor spectrum and, crucially, in developing countries too. More donors have become interested and taken action, and more developing countries are prioritising and responding to the needs of orphans and vulnerable children. We will continue to keep the matter in view.

I turn now to the particular questions asked by the hon. Member for Cotswold (Mr. Clifton-Brown) that relate to my ministerial responsibilities. As he said, considerable attention is paid in civil society and in the African, Caribbean and Pacific countries to economic partnership agreements. Although his questions were entirely understandable, he was right, I am afraid, that they are a little premature in light of the General Affairs and External Relations Council that will take place next week, at which the Trade Commissioner will report back on progress. The hon. Gentleman will perhaps not be surprised to hear that there has been considerable progress in those negotiations—more than we have seen before—in the past three weeks. The process is fluid, and a series of further negotiating meetings have taken place this week.

A debate is due to take place in this House purely on the subject of economic partnership agreements, and it will enable us to delve into the detail of where progress has been made. Let me reassure the hon. Gentleman that we will continue to focus on the development dimension of economic partnership agreements. That is one reason why—from as far back as March 2005, when my right hon. Friend the Secretary of State was Trade Minister—we have championed the offer of 100 per cent. duty and quota-free access to the European Union for developing countries. We were delighted when, as a result of our pressure and the Trade Commissioner's appetite for the idea, a 100 per cent. duty and quota-free access offer was proposed back in April, albeit with transitional periods for just two products. I will of course continue to keep the House updated.

Andrew Selous: I should be grateful if the Minister would refer to the subject of forced child labour. It may not be his specific responsibility, but perhaps he could give me some assurance that he will speak to his colleagues in other Departments if he thinks that they are more directly concerned with that matter.

Mr. Thomas: I was going to come to the hon. Gentleman's point, but let me do so now. He referred to the excellent investigation by "Newsnight" journalists. He may have had the chance to see the whole piece, in which he will have seen me make a commitment to talk to EU colleagues. We will continue to do so, as I indicated on the programme. I should, however, add one thing. He is right to say that there is more that we can do here in the UK. We do not have to rely on the EU. We have asked a series of retailers to look at their supply chains in even more detail. It is one of the reasons why we want those firms that are not part of the ethical trading initiative to sign up. The experience in Uzbekistan should be a powerful demonstration of the need for all British retailers, and indeed European retailers, to look to their supply chains.

The hon. Member for Banbury has followed the Doha round of talks particularly closely, given his past role. Indeed, I know that all Members of the House are interested in it. We are at a critical moment. My right hon. Friend the Secretary of State alluded to the work that my right hon. Friend the Prime Minister has been doing. Indeed, a series of Ministers across Government have been using meetings with interlocutors not only in the EU but in the US, India, Brazil and other developing countries, including crucially the least developed countries, which ultimately have most to gain from a successful conclusion to the Doha round.

The G4 will need to show more flexibility. We in the EU will need to show more flexibility. I believe that the Trade Commissioner is willing to do that. We will also need our allies in America to show more flexibility and we will need India and Brazil to show flexibility in the areas where they can do so. That will continue to be a priority for the House.

The hon. Member for Sutton Coldfield and the one bright spot of the speech of the hon. Member for Hornsey and Wood Green, as well as, indeed, the report of the International Development Committee, referred to the importance of climate change. It is certainly not a

[Mr. Thomas]

low priority for the Department for International Development. The last White Paper identified tackling climate change as one of the top priorities for the Department going forward, and that was reflected in March this year when the then Chancellor, now the Prime Minister, announced a joint DFID-DEFRA £800 million environmental transformation fund, which will provide aid for clean energy, avoided deforestation and adaptation.

We are taking forward the implementation of that fund through the World Bank, working with a range of other organisations. We are seeking to secure other donors to put similar sums into a World Bank trust fund to help us take forward work on adaptation in the way that I have described. Crucially, we are also working with colleagues across Government to ensure a globally just post-2012 agreement. We are building analysis on what a fair outcome would mean and what the contribution of developing countries should be. We are also steadily increasing our work on climate change in our focal countries. I give the House just one example. We have committed to spend some £50 million to help improve the livelihoods of 32,000 families in Bangladesh by raising their homes above the one-in-100-years flood level. We are also spending £5 million on improving climate change information in Africa.

I acknowledge the Select Committee's point that there is much more that we need to do in this area. There has been a significant scaling up of staff in DFID working on it; there will be more to come. I was disappointed by the shadow Secretary of State's rather low-key reaction to the appointment of the excellent David Peretz as chair of the new independent advisory committee on development impact. Once again, the shadow Secretary of State failed to acknowledge not only the talents of Mr. Peretz, but the plethora of other bodies that already monitor our spending directly or indirectly. There was no mention in the hon. Gentleman's speech of the powerful role that the National Audit Office plays in monitoring our spending, or of the Public Accounts Committee.

Mr. Andrew Mitchell: Just to nail that point, the people whom the Secretary of State has managed to collect for the committee are of the highest possible calibre and I recognise the important contribution that they can make. However, the remit of the toothless watchdog that has come forth from the Department needs to be massively beefed up to make it effective, for the reasons that many hon. Members have set out. Will the Minister and his colleagues have another look to see how they can make the body more effective?

Mr. Thomas: The hon. Gentleman rightly identified the considerable talents of the people who have been approached to serve on the committee, but I say gently to him that he should give credit to them by recognising that they would not want to serve on such a committee if they did not think that they had a powerful role to play.

I have to say to the hon. Gentleman, again gently, that some may wonder whether he keeps raising questions about aid effectiveness in order to draw a veil over his party's dismal record on the issue. The House has debated before the Pergau dam affair under the previous Government, which left a terrible legacy for this country's reputation in developing countries. It was an entirely preventable fiasco, completely opposed by those in the development community and utterly illegal. The Pergau dam affair also exposed a broader record when the Opposition were in government of aid money being used for all sorts of purposes other than poverty reduction. Under the hon. Gentleman's party, aid money was used to pay for helicopters, for example, to be sent to India—helicopters that it was never clear the Indians wanted. The hon. Gentleman has also still not acknowledged his party's terrible failure in development funding, with steady cuts to the 0.5 per cent. of national income going to development in 1979, which was down to 0.26 per cent. by the time his party left office in 1997.

The hon. Gentleman perhaps began to lose his characteristic joie de vivre when my right hon. Friend the Secretary of State intervened on him to highlight his party's lack of engagement in Europe. I say to the hon. Gentleman, again gently, that one cannot be both pro-trade and anti-Europe. He and his party cannot hope to have influence over any aspect of trade while they remain as virulently anti-European as they are.

The right hon. Member for Gordon (Malcolm Bruce) gave a much more considered commentary on the inputs-outputs debate. He acknowledged that the level of spending is important, but I of course accept that we should focus further on outputs. I accept that we can do more to demonstrate the effectiveness of our work, but I should like to draw his and the whole House's attention to our work on education in India, for example, where more than 10 million children are now in primary school, in part as a result of our aid. In Malawi our aid has helped to reverse the haemorrhaging of nurses from the Malwian health service.

The right hon. Gentleman and others raised a series of other questions. Time does not allow me to answer all of them, so I end by answering his point about Pakistan. Of course I understand the concerns of the whole House about the situation in Pakistan and about our aid programme to that country. I welcome President Musharraf's recent comments about the timing of elections. Of course there are concerns about how those elections will be conducted, and those concerns are being taken forward by my right hon. Friend the Foreign Secretary. We are giving urgent attention to how our aid programme should go forward.

I have tried to answer as many of the comments and interventions made by hon. Members in all parts of the House as I can. I welcome this opportunity to debate these issues again, and I hope that the whole House will welcome the comprehensive spending review outcome for the Department for International Development. I look forward to having the opportunity to debate these issues again shortly.

Question put and agreed to.

Resolved,

That the House has considered the matter of international development.

CROSSRAIL BILL

Ordered,

That the Crossrail Bill Committee shall have leave to sit twice on the first day on which it shall meet.—*[Mr. Watson.]*

Daedalus Airfield

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watson.]*

5.55 pm

Peter Viggers (Gosport) (Con): I know that my constituents share my appreciation of the fact that I have this opportunity to raise in the House the issue of the future of the Daedalus airfield in my constituency. Part of the airfield falls within the borough of Fareham, and I am delighted my hon. Friend the Member for Fareham (Mr. Hoban) is here this evening, as I know that he shares my interest in this matter.

The Government care about general aviation, which is most simply defined as all aviation of a civil nature other than scheduled air flights. I know that they care about it, because Ministers have said so. The hon. Member for Lincoln (Gillian Merron), the predecessor of the Under-Secretary of State for Transport, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick), who will respond to this debate, is on record as having said at a conference on general aviation in November 2006:

> "Government have in the past failed to understand general aviation and its role in the community...It is vital that the interests of the general aviation sector are not ignored...We understand the value of the network, and we are looking at a policy statement on a national network of airfields...We recognise that we must strengthen general aviation as a vital asset with benefits for all of us."

I hope that those sentiments will be continued. I see that the Minister is acquiescing.

There is no more important issue for general aviation than the establishment and retention of suitable airfields, and the Daedalus site in Lee-on-the-Solent is just that. It entered service with the Royal Naval Air Service in 1917 and continued as a naval air station until 1996. Some of my earliest memories are of visiting the Daedalus station and watching the Fireflies, the Sea Furies, the Wyverns and the Gannets. They formed the basis of my enthusiasm for flying, which I later followed as a pilot in the Royal Air Force.

The Daedalus site is an important part of the local community. In March 2006, the Maritime and Coastguard Agency and the South East England Development Agency acquired the site for about £20 million. The Maritime Coastguard Agency took runway 0523, a blister hangar and the control tower, and the SEEDA operation took the rest of the site. The Maritime and Coastguard Agency celebrated initially by spending between £500,000 and £1 million on building a rather unsightly new fence round its estate. I wonder whether the Minister can confirm the cost of that fence.

Now I want to move forward and to consider the future of the Daedalus site. I should like to put this in its context. On the Gosport peninsula, there are about 40,000 working people, but only 19,000 jobs. The result is a tidal flow of people out of the peninsula and back each day. The paramount need is therefore for jobs in and around the peninsula. There is strong support for the development of Daedalus as a business park with an aviation and maritime engineering theme. Indeed, the SEEDA consultation has revealed that some 57 per cent. of the local population consulted would like to see aviation activity continue on the site, and some 60 per cent. would like to see jobs being developed there. The concept of a business park—of which I have some previous experience as a Minister—would fit well with the retention of the Daedalus site and its use for aviation and marine engineering. I hope that it will be possible to continue the aviation link, and to provide a forward link to the business park that so many of us would like to see.

At the moment, the Daedalus site is being used by the police, whose Britten-Norman Defender fixed-wing, high-wing aircraft operate from runway 0323. The site is also being used by the air-sea rescue helicopter operated by Bristow on behalf of the coastguard. The Portsmouth Naval Gliding Club operates from Daedalus; many of my friends glide from Daedalus, as I do, and I am delighted that they have been able to make a longer-term lease arrangement to retain their interests there.

Finally, the site is used by general aviation and 30 aircraft operate from Daedalus—there were many more. I am putting forward the general aviation interest this evening.

It being Six o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watson.]*

Peter Viggers: That intervention will no doubt confuse anyone who may be watching our debate.

The interests of general aviation are under threat because operators have been told that they must vacate the premises by Saturday 17 November, so I very much hope that even at this late stage the Minister can give us some hope for the future of general aviation at Daedalus.

I am delighted that my hon. Friend the Member for Aldershot (Mr. Howarth) has now joined us in the Chamber. He has taken a key interest in the issue and I am grateful to him for attending the debate.

SEEDA's consultation led to the revelation that 63 per cent. of those consulted hoped that the site would be used to create job opportunities, 53 per cent. hoped that it would be linked to marine activity and 57 per cent. hoped that it would be involved with aviation, but only 7 per cent. felt that the site should be used for housing. When SEEDA decided on a study, it chose Erinaceous—a public listed company—to carry it out. I have four points about the study.

First, there are some doubts as to the credibility of Erinaceous; the company has breached its banking covenants, shares are down from 389p in January to about 20p and the founders have been put on gardening leave, so there are some problems. Secondly, the main people involved at Daedalus—the general aviation interest—found it difficult to obtain a copy of the Erinaceous report. It was produced in July 2007 but not made available to the general aviation interest until 18 October, the date on which operators were given a month to vacate the site.

Thirdly, paragraph 1.7 of the report states:

> "We confirm we know of no conflict of interest"—

[Peter Viggers]

between the company and users of the site, yet one of the authors of the report is manager of Shoreham airport, which is owned by Erinaceous and is a competitor airfield on the south coast. Finally, the report merely offers alternatives and does not come to a firm conclusion.

I am grateful to the individuals at SEEDA to whom I have spoken, including the chairman, for their support for general aviation at Daedalus, but ultimately it is not their judgment that applies. Others will decide about the future of general aviation, and although individuals at SEEDA are supportive they are not capable of overruling a decision.

I have spoken to the Maritime and Coastguard Agency, which is directly involved as owner of part of the site and through the operation from the site, on its behalf, of the coastguard helicopter. The agency is indirectly involved through the lease to the police force. As was made clear to me recently, the MCA is not involved in management; it has delegated that responsibility to the police.

Among the dramatis personae is the Lee Flying Association—the group representing the general aviation interest. The association is profoundly concerned; it offered to control movements and run the airfield on a voluntary basis but the offer was rejected. Others involved include the Hampshire Microlight Flying Club, from which I received a letter today, pointing out:

"The airfield at Lee has the potential to represent all that is good in a community based airfield. Until recently the field was home to a wide range of machines including gliders, helicopters, fixed wing and flexwing aircraft."

The Aircraft Owners and Pilots Association has been particularly assiduous in putting forward well-informed debate and argument on the issue. I have meetings and discussions with the association, and it states in a letter to me dated 12 November that the Maritime and Coastguard Agency and the Hampshire police air support unit

"inherited a complete operational aerodrome with all the necessary equipment to provide the basic air traffic service of an air/ground radio service. Both concerns would appear to have at Lee, staff able to provide an air/ground service, subject to an appropriate radio frequency being allocated and the operators being trained and certified as competent in accordance with CAA procedures. The cost of providing such a service at Lee is negligible."

The association has been forceful in arguing in favour of the retention of general aviation.

The Portsmouth Naval Gliding Club is strongly supportive of general aviation, and it is now fortunately secured in its position through the intervention of the Second Sea Lord, who has arranged for the lease to be prepared in its favour. The executive leader of Fareham borough council, Councillor Seán Woodward, has written a forceful letter to the chief constable of Hampshire constabulary, in which he advises that the

"matter was considered at a Council meeting on 18 October, and it was agreed that I should write to you expressing our dismay and deep alarm at the way this decision has not only been taken, but also the communicated to the general aviation businesses at Daedalus."

Mr. Mark Hoban (Fareham) (Con): My hon. Friend is making a cogent argument for the retention of general aviation at Daedalus, Lee-on-the-Solent. I have also received a number of representations from my constituents who use the airfield and who are also concerned about the way in which this matter has been handled and the lack of notice that has been given to general aviation businesses on the use of the site. Will he ensure that their representations are also made known to the police and the Maritime and Coastguard Agency in support of his campaign?

Peter Viggers: I am grateful to my hon. Friend, and his comments show that the concern is widespread. There is a very special ethos in south Hampshire, deriving from the link between the area and the Royal Navy in particular. There is a strong services tradition and a strong tradition of aviation and maritime engineering. Many of the companies in the area employ people who have been trained at some point by the Navy or by companies associated with the Navy. As has been pointed out by the Aircraft Owners and Pilots Association, there is much stronger support for aviation use at Daedalus than it has discovered at any other location in the United Kingdom, and my hon. Friend's comments reflect that.

The Hampshire police air support unit is the body that, under the lease between the Maritime and Coastguard Agency and the police, has become the airfield manager, perhaps rather reluctantly. Perhaps the police did not set out as a mission statement to become an airfield manager, but that is what they have become. Effectively, the airfield manager is the manager of the police flight, Bob Ruprecht, whose attitude has been passed on to the Maritime and Coastguard Agency.

The Minister wrote to me in a letter dated 5 July to say that "safety must remain paramount." Of course, it must. I am a trained pilot, and anyone who flies knows that safety comes first—it is the first thing that anyone involved in aviation thinks about—but I have to submit that this is not about safety; it is about liability. By becoming the airfield manager, the police have accepted liability for the operations that take place there, and no one has suggested that safety has suddenly deteriorated. There has not been a mixed-flying accident in 57 years of gliding operations at Daedalus, for instance. So the record is extremely good and nothing has changed. This is not about safety deteriorating at all; it is about the police authority realising and being advised by its lawyers that it has liability if anything goes wrong at Daedalus. On that basis, the decision has been taken to discontinue flying.

The manager of the police unit explains in an e-mail:

"In the medium to long term there maybe a future for Business and other Aviation as part of the development process, and I believe that SEEDA have that in mind to explore."

The e-mail continues, however, saying that it is not the core role of the Hampshire police air support unit or the Maritime and Coastguard Agency

"to provide the infrastructure and investment"

to operate general aviation in the meantime. No one could disagree with that—it is not the core role of the police or the Maritime and Coastguard Agency. However, I submit that the Minister—following the enthusiasm his predecessor showed for general aviation—does have

a responsibility and a role to play in encouraging general aviation. It is his role to knock heads together to try to make sure that a satisfactory solution emerges.

I have discussed procedures with those responsible. Daedalus is a Government aerodrome. Some people seem to have woken up to that fairly recently. The Air Navigation Order 2005 definition of a Government aerodrome is one that is

"in the occupation of any Government Department or visiting force".

Government strategy for Government aerodromes is as follows:

"It is the policy of the MoD to encourage the use of active Government aerodromes by UK civil aircraft on inland flights, provided this is consistent with defence requirements and local interests".

What is the Minister doing to encourage the use of this Government aerodrome by civil aviation interests?

Mr. Gerald Howarth (Aldershot) (Con): As my hon. Friend knows, as a currently practising aviator I fully support his campaign. The chief constable of Hampshire has told me that there are absolutely no security issues involved at all. There are no objections on security grounds to general aviation occupying the site. What my hon. Friend has just said about encouraging the use of Government-owned airfields is apposite, because there is no security consideration involved at all; it just seems to be a question of cost.

Peter Viggers: Indeed. Many of the people involved in Daedalus do not see it as their particular task to encourage civil aviation, but it is the Minister's task. He is the person responsible for ensuring that somebody accepts responsibility, and for identifying that person and the procedure to follow that through.

As for the history of flying at Daedalus, the air traffic zone of Daedalus overlaps with that of royal naval aircraft yard Fleetlands, which operates aircraft that have been repaired or serviced. Fleetlands has a regulator—that is specifically and carefully defined in law. The regulator of Fleetlands is Colin Smith, who works for the test and evaluation support division of the Ministry of Defence—the section responsible for air traffic control, airfields and hangers. I have his authority to quote him:

"If the Department of Transport were to ask him to undertake the regulation of Daedalus he would be perfectly happy to do so."

He went on to say:

"I would require the airfield to meet certain standards. If then having met those standards there is...no reason why general aviation should not continue, providing that the activities are properly risk assessed and appropriate safety management processes were put in place."

He has talked to the Maritime and Coastguard Agency about a review and overall appraisal. In his role as regulator, he would call that "a gross error study". It would be an overall study, checking for serious risks and ensuring that there is a "deconfliction of different interests" at Daedalus.

There is no valid reason why flying should not continue at Daedalus. Nothing has suddenly made it more dangerous. Everybody in sight is on the public payroll—most of the people in sight are responsible directly or indirectly to the Minister—except the poor general aviation interests. Those people are either operating their own aircraft privately or they have commercial interests. Their interests have been prejudiced by the decision to discontinue general aviation as of tomorrow night.

There is no reason why the Minister should not say that he has spoken, or will speak, to all those concerned, and that flying can continue for a limited period of, say, a month while an arrangement for the longer term is hammered out. I wrote to him asking specifically whether he would say that tonight. If he cannot say that, will he at least spell out the programme that will enable us to ensure that general aviation returns to Daedalus, as is the wish of the local community?

6.15 pm

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): I congratulate the hon. Member for Gosport (Peter Viggers) on securing this debate, which gives me the opportunity to explain to the House the facts about aviation at the former HMS Daedalus site at Lee-on-the-Solent. I acknowledge the significance and importance of the issue to his constituents, as well as his own interest, and his distinguished service to his country, in aviation and in other fields.

I know that hon. Members will join me in paying tribute to the excellent work performed by the Maritime and Coastguard Agency, and specifically by Her Majesty's coastguard. Each year the coastguard receives about 18,000 calls for assistance via the 999 system or through very high frequency radio. Every year, across the United Kingdom, the coastguard co-ordinates rescues that help about 25,000 people to safety. Our search-and-rescue helicopter capability is a mixture of military and civilian aircraft. The Ministry of Defence provides RAF and Royal Navy helicopters from eight bases around the UK.

The Maritime and Coastguard Agency operates civilian-crewed helicopters from four bases: two in Scotland at Stornoway and at Sumburgh on Shetland, and two along the south coast of England at Portland and at Lee-on-the-Solent. It is one of those civilian search-and-rescue helicopter bases that is of concern to the hon. Gentleman, and it might help the House if I outline some of the history and background to the issue. As the hon. Gentleman said, HMS Daedalus opened in 1916 as a Royal Navy air station. It remained the Navy's leading flying training base, and provided military search-and-rescue helicopters, until 1988. It was formally decommissioned in March 1996, and until 2004 the future of the site was unclear. Since 1988, the MCA and its predecessor organisations have operated Her Majesty's coastguard search-and-rescue helicopters from the site through a commercial contract. Typically, the helicopters at Lee-on-the-Solent deal with about 200 search-and-rescue incidents each year.

In June 2004, Defence Estates, part of the Ministry of Defence, formally declared the whole HMS Daedalus site surplus to requirements. After consultation with Hampshire constabulary, which managed the airfield on behalf of Defence Estates and operated a fixed-winged aircraft from the site, the MCA submitted an expression of interest in acquiring 71 hectares of the land to

[Jim Fitzpatrick]

safeguard its ability to operate helicopters as part of the Government's continuing commitment to providing a 24-hour maritime search-and-rescue service and the necessary infrastructure. The area of interest to the MCA represented about two thirds of the existing airfield. The South East England Development Agency was interested in acquiring the remainder of the site.

The MCA acquired part of the Daedalus airfield from Defence Estates in March 2006, protecting the operation of the search-and-rescue helicopter facility. The remainder of the site was purchased by SEEDA. In answer to the hon. Gentleman's first question, I can confirm that the cost of fencing under the arrangement was approximately £750,000. The MCA's part of the airfield continued to be managed on a tenancy basis by Hampshire police authority. As the airfield operator responsible for safety, Hampshire police decided to close the airfield to general aviation on safety grounds. I hear what the hon. Gentleman says on that point, but those are the words in front of me, and that is the explanation that I have to give to the House tonight.

The Government know that general aviation is an important, integral part of the UK aviation sector, recognising that it makes up about 8 per cent. of the economic size of commercial air transport, and that it makes a significant contribution to the UK economy, both in terms of direct economic value and the number of people it employs. Following the recommendations in the Civil Aviation Authority's strategic review of UK general aviation, the Government are considering whether to make a policy statement on the value of maintaining a viable network of general aviation airfields across the UK.

I am aware that Fareham and Gosport borough councils issued a joint planning statement for Daedalus in April last year. One of the aspirations of that planning statement was that future development of the site should seek to maximise the benefit of the existing runway for general and private aviation use. But the current decision to close the airfield to general aviation has been taken on the grounds of safety, not planning or general policy, and as such it is a matter for Hampshire police as the operator of the airfield, not for the MCA or for the Government generally.

The hon. Gentleman asked whether there might be a stay of execution of Hampshire police's decision so as to give operators a chance to agree a safe and sustainable future flying regime. However, as I pointed out, the decision to close Daedalus to general aviation was taken by the airfield operator on safety grounds, and it would therefore be for Hampshire police to consider whether general aviation might safely be continued while further discussions take place, and if so under what conditions. Safety is and, I assume, must remain the primary consideration.

SEEDA has said that the potential long-term future of general aviation at the Daedalus site may be worthy of further consideration and will continue to explore options as part of its ongoing development work.

Let me summarise the position from the Government's perspective. The Government's primary concern is to safeguard the Maritime and Coastguard Agency's ability to respond effectively to maritime emergencies. The Daedalus facility is an important element in that infrastructure and the MCA must ensure the continued availability of its search-and-rescue helicopters. It was to protect that position that the MCA acquired the land when it was declared surplus to requirements. The Government remain fully committed to providing maritime search-and-rescue facilities in that busy area for commercial shipping, leisure sailing and the use of our coasts and beaches for recreation.

The House will recall that the Maritime and Coastguard Agency recently let a new contract for the provision of faster helicopters with greater endurance. Those to be based at Lee-on-the-Solent will be in position in the new year. I am confident that hon. Members would not want anything to jeopardise the continuation of the excellent emergency response service that Her Majesty's coastguard provides for the south coast of England.

Peter Viggers: The Maritime and Coastguard Agency cannot have acquired the Daedalus site in order, as the Minister said, to allow the helicopter to continue, because the helicopter does not require a long metalled runway to take off. Runway 0523 was acquired by the MCA and leased to the police, who require it for fixed-wing aircraft. The airfield cannot have been acquired specifically for the helicopter.

Jim Fitzpatrick: I entirely accept the point that the hon. Gentleman makes. My assumption—it can only be an assumption at this point, as I do not have the definitive reasons—is that the MCA acquired the site to protect the continuance of search-and-rescue helicopter operations from the site. The size of the site and the future lease of other aspects of the aerodrome would have been part of its business considerations in assessing what the MCA could get back from the Hampshire police authority, in order to justify public expenditure to provide the services that we expect. I have no further information on that.

I know that this sounds as though we are absolving ourselves of responsibility but, sadly, we are not the decision makers in this case. That lies firmly at the door of the Hampshire police authority and Hampshire constabulary, and the whole tenor of my response to the hon. Gentleman's very effective explanation, if I may say so, of the importance of Daedalus to the local community, which we fully support and understand, is that it is Hampshire constabulary's decision to say that the runway is no longer available. That is where the matter rests.

I can reassure the House and the hon. Gentleman that the MCA's operation has not been affected by the decision to close the airfield to general aviation. I hope that he and the House will accept that the decision taken by the police is their decision.

Mr. Gerald Howarth: The Minister referred to the review of light aviation airfields around the country. Does he accept that if this airfield were to close, one fewer facility would be available for the network that he is anxious to create throughout the country? Secondly, will he tell us what safety facilities would need to be in place to satisfy the Hampshire authority?

Jim Fitzpatrick: In response to the first point, as I mentioned earlier, following the Civil Aviation Authority's review, we are in the course of reflecting on whether we should publish the specific policy statement in support of general aviation. If we are minded to go down that path, it is likely to occur some time next year.

On the second question, my understanding is that the decision to close the airfield to general aviation requires the managers of the airfield, Hampshire constabulary, to conduct a risk assessment. It is very much a matter for them to determine, on the basis of that assessment, whether operations can continue. That is why I have stressed that this is very much their decision. I would expect them to be able to supply the appropriate documentation to interested parties.

We are committed to general aviation and we certainly recognise and acknowledge the role that general aviation plays in the UK economy. Indeed, I articulated that a few moments ago in the course of my remarks. The outcome is disappointing, and I hear what the hon. Member for Gosport says about the shortage of notice, which just adds to the frustration people feel when they have not had an opportunity to put their case as fairly and squarely as they would otherwise have done. One cannot tell whether that would have assuaged them in some way.

I fully understand and expect that the campaign will not stop here. This evening's debate has at least put down another marker. I would be very surprised if those who are centrally involved in this matter do not pay attention to the comments of the hon. Gentleman and his colleagues or, indeed, to my response for the Government. I hope that the hon. Gentleman will have some further success, following his success in securing this debate. I fully acknowledge, as I say, that this is not going to be the end of the matter, but from the Government's point of view, we are not the ones who took the decision and we do not have the locus to determine any change to it. I apologise, but I cannot assist the hon. Gentleman in the way that he hoped I would when he tabled this debate.

Question put and agreed to.

Adjourned accordingly at twenty-seven minutes past Six o'clock.

House of Commons

Monday 19 November 2007

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Credit Unions

1. **Ms Katy Clark** (North Ayrshire and Arran) (Lab): What steps his Department is taking to support the work of credit unions. [164991]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): Via the growth fund, we are investing £42 million over three years in more than 120 credit unions and community development finance institutions. To date, more than 40,000 affordable loans worth a total of £20 million have been made, and as a result thousands of people have been prevented from falling into the clutches of high-cost lenders or loan sharks.

Ms Clark: I am grateful to the Minister for his reply. He will be aware of the socially responsible work that credit unions carry out, but he will also be aware that the credit union movement feels that the current legislative framework is stunting its growth, and he will be aware that there are far higher levels of credit union membership in other countries, such as Ireland. What steps is he considering taking to update the law governing credit unions?

Mr. Plaskitt: First, I should point out that the growth fund investment that my Department is making is the first ever substantial investment by Government in the credit union movement, and my hon. Friend will know of the First Alliance credit union in Ayrshire which is benefiting from growth fund money. My Department is looking in conjunction with the Treasury at the legislative and regulatory rules that affect credit unions, and I am sure that colleagues in that Department will have more to say about that in future.

Mr. John Grogan (Selby) (Lab): Does my hon. Friend agree that it is important that credit unions are not just an urban phenomenon, but that they also offer savings and loan opportunities in rural areas? Will he commend the work of North Yorkshire county council, which on 4 December will consider a business plan drawn up in association with local housing associations to expand the common bond of the York credit union to the whole of North Yorkshire so that credit union facilities will be available in the whole of the county of Yorkshire?

Mr. Plaskitt: I agree with my hon. Friend, and I can tell him that no fewer than 11 credit unions in Yorkshire are benefiting from the investment that the Government are putting in through the growth fund. We have found that in many areas a number of small credit unions have come together to collaborate and pursue a bid for growth fund money. That has been especially effective for credit unions that cover rural areas. My hon. Friend is right that such amalgamations must take place if we are to get wider coverage on behalf of credit unions, and that is precisely the sort of thing that growth fund investment has encouraged.

Tom Levitt (High Peak) (Lab): I am grateful to my hon. Friend the Minister for his answers. Obviously, the people who benefit most from credit unions are those at most risk from loan sharks and least able to look after themselves in this respect. Will my hon. Friend clarify the situation with regard to the funding he mentioned in his first answer? Is that just for expanding existing credit unions, or are there facilities for creating new credit unions from scratch, and where should people go if they want assistance in, or advice on, starting a credit union?

Mr. Plaskitt: The growth fund money is being used in a number of ways. Some of it is expanding the capitalisation of credit unions—it is having a substantial impact in that respect. As I said, a number of credit unions have amalgamated or brought collaborative deals to us in order to bid for the growth fund. Some of the money is also available to assist in training and development for those who work in credit unions—both full-time staff and volunteers, who play an important role.

Speech Impediments (Young People)

2. **Helen Jones** (Warrington, North) (Lab): What assistance is available to help young people with speech impediments to gain employment. [164992]

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): Most people are able to make use of the mainstream employment placing services provided by Jobcentre Plus to find a job. However, for those who need more specialist help, such as someone with a speech impediment, Jobcentre Plus provides a range of tailored disability measures via our highly trained disability employment advisers.

Helen Jones: I am grateful to my hon. Friend for that answer, but what would she say to a 17-year-old constituent of mine with a severe stammer who could be helped by a SpeechEasy device to get into employment—it would help him make telephone calls, attend interviews and so on—and yet has received just one piece of advice: that he should go on jobseeker's allowance and then people will look at helping him? He is a bright young man who is eager to work, and a small investment now would repay the taxpayer many times

over in the future. Can we not look at providing more help for people such as him who want to contribute to society?

Mrs. McGuire: I recognise the picture that my hon. Friend has painted. Through Jobcentre Plus and our disability employment advisers, there are ways in which a young man in such a position can be assisted through the training and interview processes. If they are successful in getting a job there is also, of course, our successful "access to work" programme to address ways of supporting them in employment. I know that my hon. Friend has written to me on the specifics of her constituency case and I will respond on that as soon as possible.

Angela Watkinson (Upminster) (Con): Anyone who has a speech impediment or communication difficulty, whether it results from a physical disability or a psychological problem, should ideally be able to access speech therapy long before they reach the stage when they want to attend a job interview. I would include in that many young people who do not have a speech impediment but who have barely intelligible speech. They need to have that made known to them, so that they present themselves well and to best advantage when they go for a job.

Mrs. McGuire: I understood the comments of my hon. Friend the Member for Warrington, North (Helen Jones), and likewise I understand exactly what the hon. Lady is saying. I hope that she welcomed the recent statement in the pre-Budget report supporting enhanced facilities for speech therapy. We recognise that communication is important in getting through the interview process and getting a job. That is why Jobcentre Plus works with the individual, particularly if they have a speech impediment, to see what is most appropriate to take them through that quite difficult process.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): Does the Minister think that a young person who has a severe speech impediment would qualify for incapacity benefit under the new assessment announced today, or would she include such a person in being part of the sick-note culture? Would it not be better for all concerned if the Government concentrated on putting their efforts into providing tailored support for such people to get back into work, as proposed in the Freud review, which Ministers have now ditched, rather than on demonising disabled people by using negative stereotypes of the type that we have read about again in the papers today?

Mrs. McGuire: I regret the sort of angle from which the hon. Gentleman has come at this issue, because when we debated the Welfare Reform Bill in Committee, we were clear that the way in which we would work in future would be to consider and support the individual, and to identify their needs to ensure that they moved into work with the proper support when that was appropriate. Of course, it would be ludicrous for me to say that one person would be able to qualify for the new employment and support allowance whereas someone else would not, because it is very much tailored to individual needs, including training needs, individual aspirations and how those people move into work. For the hon. Gentleman's information, we are implementing the recommendations of the Freud report.

Mr. Mark Harper (Forest of Dean) (Con): My question follows the point ably made by the hon. Member for Warrington, North, and is similar. The Minister will know that last week Scope launched its "no voice, no choice" campaign, which specifically examines the need of many disabled people for communication devices, both to have much more fulfilled lives and to get into employment. Is she able to update the House on the steps that she and her colleagues are taking to improve that situation to deal with both the constituency case that has been mentioned and people more widely?

Mrs. McGuire: Obviously, I have read Scope's report. We have clearly identified communication as an issue for many people, which is why we have support workers for many people who have a visual impairment and why Braille is part of the working environment—that is supported through our access to work programme. For those who have a hearing impairment, we provide British Sign Language signers and we examine different ways in which we can support technology to maintain people in their employment. Of course, I would be delighted to update the hon. Gentleman, in his new capacity as shadow spokesperson on disability, at an appropriate future time.

Child Maintenance and Enforcement Commission

3. **Keith Vaz** (Leicester, East) (Lab): When the Child Maintenance and Enforcement Commission will commence its work; and if he will make a statement. [164993]

The Secretary of State for Work and Pensions (Mr. Peter Hain): Subject to parliamentary approval, the Child Maintenance and Enforcement Commission will become operational in 2008. I have appointed Janet Paraskeva as its chair designate. She brings considerable skills and experience to the role and she will provide outstanding leadership.

Keith Vaz: I thank the Secretary of State for that answer. What would he say to my constituent, Martin Smith, who has been in correspondence with the Child Support Agency for the past four years? He has stated that he was the father of a child, and he then submitted his DNA report, which the CSA has lost. The CSA has been taking money out of his account every week, and he now risks losing his job. Will the Secretary of State assure the House that the transitional arrangements that he brings into force will ensure that such cases will be dealt with swiftly before the new organisation takes over?

Mr. Hain: I would certainly like to examine the case of the constituent mentioned by my right hon. Friend, because his account makes it sound disturbing. There is no doubt that from its original inception in the early 1990s, the CSA has been a real problem in dealing with the problems that it was set up to resolve. It has improved its performance recently, but we are replacing it with the new commission precisely to start on an

entirely new footing and to ensure that we provide child support in the way that it ought to have been provided all along.

Miss Julie Kirkbride (Bromsgrove) (Con): The Secretary of State has just rightly said that since its inception the Child Support Agency has encountered many difficulties. I am sure that he will be aware, as are many hon. Members, that one of the principal difficulties has occurred when the absent parent—the parent without care—has been self-employed, and it has therefore been impossible to reach or place enforcement orders on their earnings. Can he tell the House whether the new agency will have any other, better methods of dealing with that intractable problem than has been the case in the past?

Mr. Hain: We will provide powers for direct collection from bank accounts, because the hon. Lady is right that there is a problem with self-employed people. We will also encourage mediation, especially for those on benefit. At present, they have to enter into a statutory relationship, via the CSA. If the issue could be voluntarily agreed, it could remove that obstacle to a proper relationship between the parents and support for the resident parent. The self-employed issue remains one that we need to resolve.

Miss Anne Begg (Aberdeen, South) (Lab): Will the new CMEC take a different approach to shared care, in which children spend 50 per cent. of their time with each parent, especially when both parents are working and have an income? Under the CSA, one parent always has to be identified as the parent with care.

Mr. Hain: Yes, I do think that CMEC will provide a more satisfactory outcome in such instances, to which my hon. Friend is right to draw attention. For a start, it will provide scope for greater voluntary arrangements and mediation, as well as an ability to offset in cases like the ones that she mentioned.

Sir Patrick Cormack (South Staffordshire) (Con): I am sure that we all have numerous cases of the insensitivity and inefficiency of the CSA that we could lay before the Secretary of State. What procedure will the Secretary of State adopt to monitor the work of the new body, so that we do not have a disaster followed by a fiasco?

Mr. Hain: I am confident that we will not have that—*[Interruption.]* Well, I remember the early days of the CSA, as a Back-Bench Labour Member, after it was set up by the previous Government, and it was an absolute disaster. Performance has improved, but the hon. Gentleman is right to demand of me that it improves further. It will be monitored, and I hope that the Work and Pensions Committee will also keep a beady eye focused on it. We want the new arrangement to ensure that the support gets to the child, so that the non-resident parent—usually the father—fulfils his responsibility, but it should be done in a fair way, which is often perceived not to be the case.

Child Support

4. **Mr. David Kidney** (Stafford) (Lab): What preparations he has made for the proposed changes to the system of child support. [164994]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): The first concrete steps in implementing the reforms have already been taken. For example, in the pre-Budget report, we announced the increases to the child maintenance disregard to £20 a week by the end of next year, and to £40 a week from April 2010. That change alone will lift 50,000 children out of poverty.

Mr. Kidney: I am grateful to my hon. Friend for that answer. When we move to the new system, there will undoubtedly be a mass of cases under the first two systems in which there are still unpaid arrears. Will he consider whether mediation might have a part to play in resolving long-standing disputes about how much should be paid each week or month, and if alternative dispute resolution proves successful in that regard, will he consider a role for it in the new system?

Mr. Plaskitt: We are taking an important step in the direction that my hon. Friend seeks, in that CMEC will come with an information and support service which will, for the first time, give advice and support to separating couples about how they should proceed and what arrangements they might make on a voluntary basis for securing the future flow of maintenance. He will also know that since January 2006 the family mediation helpline has been in existence, and I expect that the new advice and support service will be able to signpost the mediation service and refer people to it.

Miss Anne McIntosh (Vale of York) (Con): Although I realise that the CSA has a difficult task, what does the Minister propose to do about calculations of the income of absent fathers that take so long that by the time the arrears are due the father gets a shock and is unable to pay them all in one go? That is a real problem, as I am sure other hon. Members have heard; those people are faced by payments that they cannot meet.

Mr. Plaskitt: Of course, improving performance as the hon. Lady describes is not just a case of waiting for the new commission to come into existence; it is important to improve performance now, for exactly the reasons she indicates. That is why we are making additional investment through the operational improvement plan, and the secret of that is to speed up the processing of cases, so that whereas back in March 2005, before the plan was under way, only 30 per cent. of cases were processed within 12 weeks, the number is now 74 per cent. The significant investment we are already making in the existing agency is already improving performance and that will carry forward under the new arrangements.

Pensioner Poverty

5. **Mr. Shailesh Vara** (North-West Cambridgeshire) (Con): What his most recent estimate is of the proportion of pensioners living in poverty. [164995]

The Minister for Pensions Reform (Mr. Mike O'Brien): Since 1997 pensioner poverty has been reduced by a third to 17 per cent. Through targeted support, such as pension credit and £11 billion of extra funding, we have lifted more than 1 million pensioners out of relative poverty.

Mr. Vara: I am grateful to the Minister for those comments.

According to the Prudential, rising food prices affect pensioners more than any other age group. Does the Minister share my concern that as food prices are increasing at their fastest rate in 14 years, that is having a negative impact on pensioner poverty?

Mr. O'Brien: What we have ensured is that we continue to deal with the issues surrounding pensioner poverty, which is why we introduced pension credit. We have sought to lift the poorest pensioners out of poverty, and they are the people who would be most affected by increases, say, in food prices. At the same time, we have sought to provide a solid foundation of support for pensioners who are beyond pension credit levels. Those are issues, which is why the Government continue to upgrade the level of pension credit.

Mr. Terry Rooney (Bradford, North) (Lab): My hon. and learned Friend will be aware that fuel prices are an issue for many pensioners, but is he aware of the British Gas scheme for a social tariff for those on lower incomes? One of the problems of expanding the scheme is access to data, so will he undertake to have conversations with British Gas about data sharing and how it might be taken forward?

Mr. O'Brien: I think the straight answer to my hon. Friend is yes.

Mr. Nigel Waterson (Eastbourne) (Con): But can the Minister confirm that 2 million pensioners are living in poverty and that the very poorest pensioners are seeing their real incomes fall by 4 per cent. a year—costing on average more than £250? Will he join me and my hon. Friend the Member for Epsom and Ewell (Chris Grayling) tomorrow night at the vigil outside Downing street to be held by some of the 125,000 pension victims? If he comes to talk to them, will he explain why he is still refusing them the help that they need?

Mr. O'Brien: First of all, in terms of numbers we estimate that 1.1 million to 1.7 million pensioners do not take up pension credit. I think before the hon. Gentleman makes comments such as those he has just made, he should recall that when the Conservatives were in office they left 2.7 million pensioners living in poverty, many living on as little as £69 a week; many women were restricted from building up state pension entitlement in their own right and carers were similarly mistreated. In talking about the financial assistance scheme—the help for the 125,000 pensioners concerned because of the breakdown of their pension scheme—the Tories should be a little careful; they cannot afford to claim that they looked after pensions during their term. They created the circumstances in which many of those schemes got into trouble. In 1986, pension fund surpluses were capped by the then Chancellor. They allowed pension holidays—

Mr. Speaker: Order. David Winnick.

Mr. David Winnick (Walsall, North) (Lab): Should not the Government be warmly congratulated on the measures taken in the past 10 years, which the previous Administration refused to take and from which many of my constituents and others, especially poorer pensioners, have benefited? When the Government are acting in the right direction, as they do on most occasions, no one is a greater admirer than I.

Mr. O'Brien: As always, I am grateful to my hon. Friend for his support. This Government are tackling the problems of pensioner poverty left to us by the previous Government.

Foreign Workers

6. **Mr. Peter Bone** (Wellingborough) (Con): What estimate he has made of the change in the proportion of foreign workers in the UK labour force since 1997. [164996]

7. **Mr. David Amess** (Southend, West) (Con): What estimate he has made of the change in the proportion of foreign workers in the UK labour force since 1997. [164997]

The Secretary of State for Work and Pensions (Mr. Peter Hain): According to the latest estimates available, about 7 to 8 per cent. of those in employment are foreign nationals; in 1997, the figure was 3 to 4 per cent. The employment rate of both UK and foreign nationals has increased since 1997, from 73.2 per cent. in 1997 to 74.8 per cent. in 2007 for UK nationals, and from 60.6 per cent. to 67.6 per cent. for foreign nationals in the same period.

Mr. Bone: I am grateful to the Secretary of State for such a comprehensive answer. When the Prime Minister said,

"British jobs for British workers",

he knew that that policy was illegal under European Union law. Given the facts that the Secretary of State has just stated, would the Prime Minister have been straight with the British people had he said, "British jobs for European workers"?

Mr. Hain: The Prime Minister set out very clearly his objective, my objective and the Government's objective of getting British benefit claimants to become British workers by getting into British jobs. That is our strategy; it is perfectly in line with EU law, and it marks a strong contrast with the record of the Conservative Government, under whom the benefits mountain mushroomed. We have now taken 1 million people off benefits, and many more people are coming into jobs every week as a result of our Government's employment programmes.

Mr. Amess: Following on from the question put by my hon. Friend the Member for Wellingborough (Mr. Bone), is the Secretary of State telling the House that he agrees with the Prime Minister's statement that there should be British jobs for British people, when most hon. Members believe that such a slogan is one that we would find the British National party using, and is neither enforceable nor legal?

Mr. Hain: I have just explained to the House, and I remind the hon. Gentleman of what I said. Does he not support the Government in getting people off benefit and into work—getting British people off benefits and into British jobs? Of course he should support us. That is our objective and that is what the Prime Minister was talking about. The vehicle for doing that is the signing up of more than 200 local employment partnerships, with employers joining them, to get people directly off incapacity benefit and into work, and to get older people and lone parents into work. Our aim is precisely to achieve genuine full employment—an objective whose achievement was completely impossible under the Tory Government, but is now in sight as a result of our policies.

David Taylor (North-West Leicestershire) (Lab/Co-op): Sections of the British economy, not least the national health service, the caring professions, the construction industry and food processing, have benefited enormously from the efforts of foreign-born workers, but if we are to continue to benefit, the general public must have greater confidence in the figures that the Government produce. Does my right hon. Friend agree that there is a risk that "official Government statistics" will become a term of abuse and dispute?

Mr. Hain: If my hon. Friend is saying that the statistics produced for Ministers and used publicly in good faith should be the best possible estimates, I completely agree with him. That is why, at the earliest opportunity, when the Minister for Employment and Welfare Reform, my hon. Friend the Member for Don Valley (Caroline Flint), and I discovered that we had been wrongly advised about those estimates, we immediately corrected them to the House. In addition, at my first opportunity I phoned the shadow Secretary of State to tell him, so that he could go out and attack the Government's record in the media. He had plenty of warning.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): There are two ways of dealing with the problem of immigration. One is to welcome the economically active and very intelligent workers whom we have taken into my constituency, largely from Poland. The other is deliberately to foment trouble by attacking such workers in the local paper and having pictures taken outside Polish shops, as though they were not only a wave of invaders who are damaging the economy, but totally unacceptable. Will my right hon. Friend condemn those who, for narrow political purposes, seek to foment trouble between a stable section of society and one that will benefit from the incomers?

Mr. Hain: I could not have put it better myself; my hon. Friend is absolutely right. The truth is that foreign nationals have made a significant contribution to Britain's economy over the years, including as regards our recent record of growth and rises in wealth. They have made a positive contribution in her constituency and, I am sure, every other constituency in the country.

Sir Nicholas Winterton (Macclesfield) (Con): The hon. Member for Crewe and Nantwich (Mrs. Dunwoody) was absolutely right in what she said, and many of us realise the problems that she faces in her constituency, but are not the Government aware that unless foreign workers are regulated and restricted in coming to this country, it is likely that a lot of them coming here will depress the wages of the lower-income groups in this country? That is surely a disadvantage and, in times of rising unemployment—maybe we will get that—there could be a problem; social tension might be created. Is it not responsible to take a really sensible line on the number of immigrant workers who come to this country?

Mr. Hain: I am very much in favour of sensible lines. In respect of the problem, the hon. Gentleman is right to say that there is a danger that foreign nationals could depress wage levels. That is why the minimum wage that we brought in must be enforced rigorously throughout the economy. In some cases, that is not happening, and foreign nationals themselves are being exploited, so we are bringing in tougher measures to ensure that it does happen—and to enforce employment rights, which are not always enforced. I hope that he will join me in insisting that the legal rights for which we have legislated as a Government, including the minimum wage, are properly respected, in Macclesfield and elsewhere.

Mr. James Clappison (Hertsmere) (Con): The Secretary of State was right in his statistic when he told the House that the proportion of non-UK workers in the work force has almost doubled since 1997. He could have added that the proportion of UK workers has fallen in the same period. Furthermore, is he aware that since 1995, the number of British jobs occupied by British workers has decreased? At the same time, there has been a continued increase in the number of non-UK nationals in employment, including both EU nationals, to whom the hon. Member for Crewe and Nantwich (Mrs. Dunwoody) referred, and non-EU nationals. The Government continue to issue an ever-increasing number of work permits, at a time when there is an influx of nationals from the A8 states. Is it not time for proper co-ordination between Departments on the issuing of work permits, rather than country-cramming and idle boasts about British jobs for British workers?

Mr. Hain: If the hon. Gentleman supported the policy of identity cards, it might be easier to resolve the question that he has put. Let us look at the facts. The facts are that we have seen a million more British nationals in jobs under our Government. Unemployment and the claimant count rate are at an historically low level. There are 660,000 job vacancies in the British economy today and every day. Also—this is crucial to a sensible analysis of the debate—the number of working-age British people has fallen significantly, because it is an ageing society. Therefore, one might also ask the question: what if those foreign nationals, including those from Europe, had not been here to fill the jobs in the gap that an ageing population left behind? That is why we want to get more people off benefits and into work, and why the Prime Minister's policy of getting British benefit claimants into British jobs, so that they become British workers, is the right policy.

Financial Exclusion

8. **John Robertson** (Glasgow, North-West) (Lab): What steps his Department is taking to encourage third sector organisations to help tackle financial exclusion. [164998]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): The £42 million growth fund is investing in more than 120 credit unions in all areas of the country, including Glasgow. In addition, the "Now let's talk money" campaign is raising awareness of the need for financial inclusion. As a result, more than 2,000 intermediary organisations are helping people to take advantage of free face-to-face advice and affordable credit.

John Robertson: Credit unions and the Citizens Advice money-lending advice centre face the threat of cuts in their funding. Is it not time that we took stock of that and made sure that people receive the services that they so richly deserve and need, instead of cutting money for people who need it most?

Mr. Plaskitt: I agree with my hon. Friend's comments. As he knows, three schemes in Glasgow are already directly benefiting from the additional investment from the growth fund. The "Now let's talk money campaign" is rolling out across the entire United Kingdom. Local organisations in Glasgow are benefiting from that help, and in turn they can do more in the local community to assist people who need help managing their finances or who need debt advice.

Mr. Philip Hollobone (Kettering) (Con): Due to the complexity of the benefit system and the fact that many Departments are simply not doing their jobs properly, organisations such as Kettering welfare rights advisory service are doing sterling work to make sure that people are not financially excluded. In the past financial year, Kettering welfare rights advisory service secured more than £3 million for people who would otherwise not have qualified for it, including £1.3 million in attendance allowance, more than £1 million in disability living allowance and £173,000 in pension credits. If Departments were doing their jobs properly, organisations such as Kettering welfare rights advisory service would not have to do that good work.

Mr. Plaskitt: All constituencies contain welfare rights organisations that provide the assistance to our constituents to which the hon. Gentleman has referred. Those organisations do a fantastic job, and I am happy to congratulate the organisation in Kettering that he has mentioned on its work. It is important that we continue to make progress on the simplification and reform of the benefits system, which is why we are putting additional investment, through the means to which I have already referred, into a variety of local organisations, which exist in the hon. Gentleman's area as well as in others, that work on financial inclusion in communities by giving individuals welfare advice as well as debt advice.

Child Support Agency

9. **Jessica Morden** (Newport, East) (Lab): If he will make a statement on progress of the Child Support Agency's operational improvement plan. [164999]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): The agency is halfway through its three-year operational improvement plan and is showing significant improvements in client services. For example, uncleared applications have more than halved, and more than half of all new applications are now routinely cleared in less than six weeks. As a result of those recent improvements, additional maintenance worth more than £130 million is now flowing to an extra 130,000 children.

Jessica Morden: The emphasis on collecting historic debt is warmly welcomed by many of my constituents who have long-standing CSA cases. Will the Minister outline what progress is being made under the improvement plan and state how long it will take to recoup outstanding arrears?

Mr. Plaskitt: The debts within the organisation built up from day one of its operation, and they have accumulated over no fewer than 14 years. Within the operational improvement plan, we aim to collect £200 million of arrears by March 2009. Halfway through the plan, the latest figures show that we have collected £148 million of additional arrears. We have also given staff in the agency new powers to collect those arrears by, for example, using credit card collections over the phone. That has only recently come into effect, and it is proving to be very effective and has already raised an additional £12 million of arrears.

Mrs. Maria Miller (Basingstoke) (Con): I know how hard CSA staff are working to try to improve the service that they offer to people such as my constituents in Basingstoke. Does the Minister share my concern that the operational improvement plan is falling somewhat short when it comes to more complex cases handled through the Bolton office? What reassurance can he give my constituents in Basingstoke, who are still experiencing waits of up to six months before they hear anything about how their case will be handled through Bolton? Why is it—

Mr. Speaker: Order. That is enough for the Minister.

Mr. Plaskitt: Thank you, Mr. Speaker. Complex and clerically handled cases were transferred to Bolton; as we have said before, there were difficulties with that. That situation is now improving. The fact that we transferred some of the more complex clerical cases to Bolton released a significant number of staff at the agency to pursue other objectives.

I do not agree that the operational improvement plan is falling short of its goals. For example, the number of uncleared cases, which stood at 226,000 in March 2005, is now down to 128,000—that is a 43 per cent. drop. Some 130,000 more children are benefiting and £130 million more is being collected. Furthermore, the number of cases in receipt of maintenance is up by 29 per cent. Just halfway through its phase, the operational improvement plan is delivering the improvements that we expected of it.

Rob Marris (Wolverhampton, South-West) (Lab): What steps is the CSA taking to clean up its act on the length of time that its staff—who are probably very overworked—take to reply to letters from MPs about CSA cases? In my recent experience, the service to MPs, who act on behalf of constituents who are often in considerable financial difficulties, has worsened.

Mr. Plaskitt: I am disappointed to hear that, because I have visited the CSA section that handles MPs' correspondence—it has received from us additional staffing support and additional investment—and my understanding was that the processing times for MPs' correspondence had improved. If my hon. Friend gives me the details of the particular case on which he is trying to make progress, I shall be happy to pursue it for him.

Credit Unions

10. **Nia Griffith** (Llanelli) (Lab): What recent steps his Department has taken to support the work of credit unions; and what plans he has for further assistance. [165000]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): Further to the answer that I gave to my hon. Friend the Member for North Ayrshire and Arran (Ms Clark), we are awaiting the outcome of deliberations on how the £130 million financial inclusion fund, announced in the recent Budget, will be utilised. Given appropriate funding, our intention is to support growth in the third financial sector, to encourage high-performing credit unions to extend their reach, to offer banking services, to promote safe saving and to offer basic insurance products.

Nia Griffith: Will the Minister have urgent talks with Treasury colleagues about why they have been encouraging credit unions to offer easy credit rather than follow the well-tried policy of insisting that customers prove their ability to save? My local credit union in Llanelli, which provides an excellent service, is concerned that easy credit could lead to unserviceable debts and put the security of the credit union itself at risk.

Mr. Plaskitt: Under the rules that apply to investments in respect of the growth fund, it is clear that credit unions should do a full assessment of individuals applying for credit. It is certainly not the case that credit should be extended to individuals who cannot meet the repayments. The important advantage that the growth fund investment gives is that its loans are running rates that are probably at least half those for loans secured from doorstep lenders and vastly less than rates secured from loan sharks. Provided that credit unions carry out the necessary checks on individual applicants, the loans should be affordable.

Disability Living Allowance

11. **Mr. Laurence Robertson** (Tewkesbury) (Con): What estimate he has made of the average time taken for a medical re-examination in connection with a disability living allowance application to be carried out in the most recent period for which figures are available. [165001]

The Minister for Employment and Welfare Reform (Caroline Flint): Following receipt of a request to examine a disability living allowance customer, ATOS Healthcare took an average of 11.4 days to complete any medical examination process in the three months to September 2007. There is no distinction between initial examinations and re-examinations.

Mr. Robertson: I am sure that the Minister will appreciate that in some cases the process takes quite a bit longer. A constituent of mine, who struggles to walk, cannot lift heavy things and cannot even raise her arms above her chest, was receiving the disability living allowance; on further examination, however, it was removed. Four weeks ago, she reapplied for a medical assessment, but she does not even have a date for it yet. If I supply the Minister with the details, perhaps she will kindly look into the matter. In general, is the picture not rather a poor one?

Caroline Flint: The target is an average of 12 days, so, on average, the company is within target. I accept, however, that when there are averages some people fall outside them. If the hon. Gentleman writes to me, I would be happy to follow up the details of his constituent's case.

Maternity Leave

13. **Dr. Roberta Blackman-Woods** (City of Durham) (Lab): What plans he has to extend support for people on maternity leave to students and those paid a stipend or grant rather than a wage. [165003]

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): The Government view individuals studying full-time in further or higher education as students and, therefore, the responsibility of the education system. However, support may be available for some students through income support and tax credits, depending on their individual family circumstances.

Dr. Blackman-Woods: I thank my hon. Friend for that response. She may be aware of the situation of Beth Porteous, one of my constituents, who is a postgraduate student at Durham university and is expecting a baby. She gets paid quarterly by the university for research work that she undertakes, but she has been told that she does not qualify for statutory maternity pay or maternity allowance and that she must take unpaid leave and return to work eight weeks after the baby is born. I should be grateful if my hon. Friend would undertake to look at cases such as Beth's to see what additional support can be given to women who find themselves in that unfortunate situation.

Mrs. McGuire: I thank my hon. Friend for that question on behalf of her constituent. I think that the complication in this particular case is that her constituent is designated as being on a research grant as opposed to receiving a wage from the university. However, I will of course give her a commitment to look into the precise situation and come back to her with a written response.

TOPICAL QUESTIONS

T1. [165016] **Jeremy Corbyn** (Islington, North) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Work and Pensions (Mr. Peter Hain): One of the key responsibilities of my Department is to ensure that all those who have a health condition

or a disability but who could work are given the right type of help and support to enable them to find and keep a job. Many of the 2.64 million people of working age are currently on incapacity benefit because the personal capability assessment has focused more on people's incapability than their capability for work. In October 2008, I am therefore introducing a new medical test—the work capability assessment—that will assess people's physical and mental ability and what they can do rather than what they cannot do. I placed a report evaluating the new test in the Library this morning.

Jeremy Corbyn: May I invite the Secretary of State to indulge in a bit of interdepartmental thinking and action to overcome a problem that is becoming very apparent in inner-city areas such as mine? Single parents have great difficulty in accessing council or housing association properties because of the shortages and are therefore placed in private accommodation by the local authority, often on a very high rent—sometimes as much as £300 or £400 a week. That rent is then paid for by housing benefit. I have no problem with people getting housing benefit; this is not an attack on housing benefit, but the problem that then emerges is that, if and when they are offered a job or encouraged into a job by the agency, they have to reject it because they need to get one that pays more than £15,000 to start with just to pay the rent. That means that they are in danger of losing benefits and we are in danger of losing somebody who wants to work and contribute to society. This is a twin problem of benefits and housing. I realise that it is not entirely the Secretary of State's responsibility, but does he recognise that it is a serious issue, and is he prepared to do something about it?

Mr. Hain: I recognise that this is a real problem, especially in London, with high housing costs as well as, in the case of lone parents, high child care costs. That is why the Prime Minister recently announced that for London there will be an in-work credit of £60 a week for an individual coming off income support, in the case of a lone parent, to enable them to take a job and to deal with precisely the problem that my hon. Friend describes. We will continue to look into the problems of housing costs and how we can resolve them, because we do not want them to be an impediment to work in the way that he describes.

Chris Grayling (Epsom and Ewell) (Con): This morning, the Secretary of State provided the media with a briefing about his new announcement on incapacity benefit assessments. According to the BBC website, he said that he would tackle sick-note Britain and that the new system will place greater emphasis on what the sick and disabled can do rather than on what they cannot do. Funnily enough, two weeks ago, on 5 November, he made exactly the same announcement to the media, saying that he had plans to "rip up sicknote Britain" and that there would be "an assessment" that would look at

"what people can do rather than what they can't."

Why did he make the same announcement twice in a fortnight, and why does he keep briefing the media first and MPs second?

Mr. Hain: I placed a copy of the report that makes an analysis of the new medical assessment in the Library this morning. The House was the first to see it, as far as I know. We sought to draw attention to a radical change from what has gone on in the past, in the 1980s and 1990s, when people were smuggled off the unemployment statistics on to incapacity benefit. The numbers tripled, which led to the benefit mountain we received as a legacy from the previous Conservative Government. We are reducing it. For the first time in a generation, the figure has come down—by 120,000 during the past few years—having risen year on year as a result of that legacy. The new, stringent, personal capability assessment, of which I have informed the House, will enable us to bring that number down even more.

Chris Grayling: In fact, the first time we heard about that was in a press release from his Department in January 2006.

Will the Secretary of State confirm that today's announcement involves 20,000 fewer people claiming incapacity benefit? Will he confirm that that represents less than 1 per cent. of the total of 2.6 million currently claiming the benefit? Unless he manages to increase his current rate of progress, he is set to be 25 years late in hitting his target of getting 1 million people off incapacity benefit.

Mr. Hain: On the contrary, compared with the record of the Tory Government, where incapacity benefit tripled, we have already brought the numbers down by 120,000 and this additional test will enable us to accelerate that process. In addition, the rolling out of pathways to work throughout the country by April next year will bear down even more sharply on those figures. At last we will begin to get rid of the awful legacy bequeathed to us by the previous Tory Government, where people were written off on incapacity benefit, instead of being helped into a job, or being given new opportunities, skills and support to get a job, which enable them to transform their lives as a result.

T2. [165017] **Mr. David Evennett** (Bexleyheath and Crayford) (Con): Would the Minister comment on the study by Aon Consulting, published last week, which says that British pensioners receive a pension equivalent to 17 per cent. of average earnings? That is the lowest level in Europe. Are the Government still committed to restoring the link to earnings by 2012?

The Minister for Pensions Reform (Mr. Mike O'Brien): The comments in the Aon Consulting review were directed at the basic state pension, and then it worked out that figure. Of course, we know that there is a second state pension—an important part of the UK state pension system—that brings people up to a third of average earnings. In the UK, private pensions are more important, and 86 per cent. of UK pensioners have income other than state pensions. Private pensions are also eligible for tax relief so, including a private pension, a pensioner on a medium income gets an income of two thirds of average earnings. The Aon report got a headline, and added a lot of heat but little light. We remain committed to our policy of re-establishing the link to earnings.

T3. [165018] **Miss Anne McIntosh** (Vale of York) (Con): The Secretary of State just said that he wants to focus on getting those on incapacity benefit into work. We

learnt on Friday that the latest figures show that 510,000 people came from the new Commonwealth countries of India, Pakistan, Sri Lanka and elsewhere, presumably looking for work. He must surely accept that there are not that many vacancies available. How will he achieve what he hopes to do when able-bodied people are coming from central and eastern Europe, as well as new Commonwealth countries, and competing with people on incapacity benefit?

The Secretary of State for Work and Pensions (Mr. Peter Hain): First, we are changing the basis on which people will be entitled to come and work and introducing a points-based system. In respect of the wider situation, there are 660,000 vacancies in Britain today. It is not like the 1980s and 1990s when people were stuck on incapacity benefit and could not get a job because there were no jobs in constituencies such as mine—former mining constituencies in south Wales. Now there are jobs. There are vacancies everywhere, in every constituency in this country, which is why we want people on incapacity benefit, lone parents on income support, older workers and the long-term unemployed to join the jobs programmes we are undertaking with local employers to get them into work, and we can do that.

T5. [165020] **Mr. Gordon Marsden** (Blackpool, South) (Lab): Scores of grandparents in my constituency, and many thousands throughout the country, do a terrific job of supporting their grandchildren in a parental role. They are not always given support by residence orders from their local authorities. What more can we do to encourage local authorities to provide such allowances, and what more can be done to support grandparents through the tax and benefit system?

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): I appreciate the points that my hon. Friend makes about the important role that grandparents often play in the bringing up of the children, but those are matters for other Departments. However, I shall happily refer what he said to them, and I am sure that they will contact him.

T4. [165019] **Tom Brake** (Carshalton and Wallington) (LD): Last week the Under-Secretary said in a written statement that overpayments of £26 million had been made in relation to duplicate disability living allowance and attendance allowance payments. Will he confirm whether that will mean trying to recover, on average, £6,500 from pensioners up to the age of 76? Will he also say what percentage of the 4,000 pensioners affected he would expect to write off those overpayments for?

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): I can clarify the situation for the hon. Gentleman. We shall not be recovering the overpayments from anybody who was overpaid in those circumstances, as was set out clearly in the written statement. In case he has not understood the point, let me clarify it for him: there will be no recovery of the overpayments. Indeed, in some instances we shall continue with the current payments—to those who are terminally ill, for example—while ex gratia payments will be made to those disadvantaged by the error.

T6. [165021] **Sir Nicholas Winterton** (Macclesfield) (Con): May we return to the matter of pensions? I am increasingly concerned that those with occupational pensions who have lost heavily—there are many cases in my constituency—are currently experiencing dire financial hardship. Are the Government in a position to indicate when some action will be taken to assist the 125,000 people who have lost out so much?

The Minister for Pensions Reform (Mr. Mike O'Brien): I share the hon. Gentleman's concern for the 125,000 people whose pension schemes have failed. We are awaiting the outcome of the review by the Government Actuary, Andrew Young, which is due in the next few weeks. We have indicated that we are looking to maximise the returns from the amounts that remain in those failed pension schemes. We shall then see whether we can match that, to move towards 90 per cent. of the core pension.

T7. [165022] **Mr. Laurence Robertson** (Tewkesbury) (Con): Is the Minister aware that benefit claims for Gloucestershire are now dealt with in St. Austell and that claims in Cornwall are dealt with in Gloucester? Is that not rather an odd situation and are there any proposals in the document published this morning to correct it? Since jobcentres were instructed not to give advice or to deal with claims, the whole process has become inefficient.

The Minister for Employment and Welfare Reform (Caroline Flint): I do not agree that the process has become less efficient. The fact that benefits and employment advice are now dealt with in one place has been welcome. The transformation of our jobcentres from places where furniture was chained to the floor and people looked over large counters to the rather more friendly and welcoming environments that we have today is a plus. Again, however, we constantly seek to improve the delivery of our benefits and to keep on target for waiting times, to ensure that those who are entitled to benefits receive them and that those who are not do not, but get into work.

T8. [165023] **Mr. David Kidney** (Stafford) (Lab): The staff in Stafford jobcentre do fantastic work in helping people get back into work. I am particularly impressed with their dedication and hard work, and with the way the personal advisers give personal support to new deal clients. As the programme expands, I am sure that staff will be delighted to help get other British benefit claimants into British jobs, but they will also want to know whether they will be supported with the appropriate number of workers to do the work in their office. Against the background of a falling work force in the Department, will local jobcentre offices be given the kind of support that will be needed under the new scheme?

The Minister for Employment and Welfare Reform (Caroline Flint): It is very much our intention to have the staff to do the jobs that we want them to do. However, the issue is not just about numbers of staff, but about how they work. We have a number of different advisers for different types of programmes, and a certain amount of rationalisation would help in that regard. The issue is also about how our Jobcentre

Plus staff work with other organisations, such as the housing benefit office, and with the voluntary sector and, importantly, about the changes that we are going to make to the contracting of provider services, to ensure that we get better outcomes for the taxpayer's investment, rather than just paying for processes. That is the direction for the future, with jobcentre staff, others in partnership and contract providers playing an even more effective role.

T10. [165025] **Mr. Henry Bellingham** (North-West Norfolk) (Con): Question No. 10, Mr. Speaker.

Mr. Speaker: Perhaps the hon. Gentleman would like to stand and give us his question, then we can get on with it. This is a topical question; he asks the question and he gets a response.

Mr. Bellingham: Thank you, Mr. Speaker. I would be grateful if the Secretary of State could tell the House how many people are not in work, education or training, and what the Government are doing about that?

The Secretary of State for Work and Pensions (Mr. Peter Hain): I congratulate the hon. Gentleman on his belated question; it was a very good one. We are taking action to ensure that we reduce those numbers, including by extending the age until which people will need to remain either in training, in an apprenticeship or in full-time education at school. That policy will help us to bear down on the number of 16 and 17-year-olds who are not in education or training.

Northern Rock

3.31 pm

The Chancellor of the Exchequer (Mr. Alistair Darling): With your permission, Mr. Speaker, I should like to make a statement to update the House on the current position with regard to Northern Rock. The House will recall that last week I said during the Queen's Speech debate that I would keep the House informed of developments. I also said that I expected to publish a statement of principles underpinning the Government's approach to proposals received by Northern Rock with regard to its future. I published that statement this morning, prior to the markets opening, in the usual way. Copies are available in the Vote Office and the Library of the House.

It is important to be clear about the respective responsibilities of the Northern Rock board and the Government. The board is legally responsible to its shareholders for the future of the company. However, the Government have a wider public interest in maintaining financial stability, which is why we agreed to lender-of-last-resort support in September and subsequent lending by the Bank of England. The Government also have an interest in protecting the interest of the taxpayer. Because of this, the Government have, as a major creditor, a direct interest in the future of Northern Rock. The Government therefore have to agree to any proposals for the future of Northern Rock.

Before turning to our approach, let me deal first with the position on the guarantee arrangements to Northern Rock depositors provided by the Government and, secondly, with the loan facilities provided by the Bank of England to support Northern Rock and to maintain financial stability in general. First, we have made it clear that the guarantee arrangements already announced for depositors in order to safeguard their position will remain in place during the current instability in the financial markets. These guarantee arrangements were absolutely necessary. They have not had any cost to the taxpayer because these deposits covered by the guarantee arrangements remain in the bank. As I have said before, savers are free to take their money out if that is what they want to do, but they have no need to do so. The guarantee arrangements ensure that savers' deposits are safe. The guarantee will not be removed without proper notice being given to depositors.

Looking ahead, I have made it clear that the Government will legislate for a new regime for protecting bank depositors. As the House knows, we have published a discussion paper on this legislation, and I very much welcome the offer of cross-party support for it. But it is important that we get it right. There are many examples, both here and in other countries, of legislation having been rushed through only to be regretted later. The current consultation finishes on 5 December. I will bring forward proposals in the new year when I have also had time to consider the outcome of the Treasury Committee's work, as it has requested.

The second element of support is the Bank of England loan facilities. It is important to remind ourselves of why this support was provided in the first place. Northern Rock got into difficulties because it was almost totally reliant on getting very substantial sums from the securitisation and money markets on a continuous basis to do its business. When that lending became ever more difficult, it had no option other than to go to the Bank of England. Because of the possible impact on the stability of the wider financial system, it was right that I authorised the Bank of England to intervene. That, too, had cross-party support.

While international financial markets have shown signs of improvement since the sharp credit squeeze in August and September, following the problems that arose in the American housing market in the summer, there clearly remains continued uncertainty in the markets. The rates at which banks are willing to lend to each other also remain high in all the major currencies. It is therefore vital that we do everything we can to maintain stability internationally, as well as here at home. As the House knows, we are taking steps at an international and domestic level to improve the regulatory regime and to provide greater transparency. That was the subject of the discussions of G20 Finance Ministers that I attended in Cape Town over the weekend.

The continuing support of the Bank of England has also given Northern Rock an opportunity to consider its strategic options. I am very clear that this is also the right thing to do and, indeed, when I announced this, it enjoyed support from both sides of the House. I know that there has been interest in how much support the Bank of England is giving. The Bank publishes its balance sheet every week. However, in common with other central banks, it does not provide details of any operations because it believes that doing so would undermine its ability to provide such support. I understand the frustrations that that can sometimes cause, but to provide what would, in effect, be a running commentary on any operations would be likely to have adverse affects that none of us would want.

Having said that, I can tell the House that Bank of England lending is secured against assets held by Northern Rock, which include high-quality mortgages with a significant protection margin built in and high-quality securities with the highest quality of credit rating. The Bank is the senior secured creditor. The Financial Services Authority has said before, and continues to say, that Northern Rock's main asset base—its mortgage book—is strong and sound.

As with any lender on this scale, we have ensured that the Bank's lending is subject to significant conditions and controls to ensure that our interests are protected, and, in return for that facility, Northern Rock has agreed a number of controls, including not declaring, making or paying any dividend without the prior written consent of the Bank of England, and not making any substantial change to the nature of its business.

I now turn to the next stage. It is in the interests of everyone that the situation with regard to Northern Rock is resolved as soon as possible. That was why Northern Rock asked for expressions of interest in purchasing the business. As the company announced earlier today, as part of its review of its strategic options, it has received indicative expressions of interest, covering a range of options for the business. It currently expects to receive further expressions of interest in the next few days.

It is essential that the public interest is protected. That is why I have published today the principles that will underpin the Government's approach, when

[Mr. Alistair Darling]

assessing proposals from Northern Rock regarding its future. As I have already said, the Government have to agree to any such proposals. The principles make it clear that the Government have a clear duty to protect the public interest, and we will do so. However, I think that the whole House, and particularly Members representing the north-east, will want us to do everything we can within the constraints on us to resolve a very difficult position for Northern Rock.

Let me therefore set out our approach. First, we must protect the interests of the taxpayer. Substantial sums have been lent, and that money has to be repaid at an appropriate time and rate. The Government will consider proposals with a view to reaching the best outcome for the public purse. Secondly, we want to protect depositors. It is essential to do everything we can both to safeguard their interests and to maintain the service provided to them. Thirdly, we will maintain wider financial stability.

As I have made clear all along, the Government will now assess proposals from the company consistent with the approach that I have set out, and we remain closely engaged with the company as the best outcome for its future is assessed. As the company has acknowledged today, any proposals would have to be approved by the Government and, importantly, any proposal can be vetoed by the Government. In that way, the Government can ensure that the public interest is safeguarded. As I have told the House on previous occasions, any outcome must meet EU state aid rules.

It would be quite wrong to dismiss any option now without proper consideration, as some have suggested we do. I continue to believe that it is right to use this time to explore the best outcome for the company and the public interest. I agreed to Bank of England support because I believed it was right to do so. I agreed to continue support to allow Northern Rock the time it needs to consider its strategic options because it was right to do so.

I have set out today the approach that the Government will take as they assess proposals from the company to ensure that we will approve a solution only if it safeguards both the public interest and the specific interests of the taxpayer. That work is being done now and will be concluded as quickly as possible. I will, of course, continue to keep the House informed in the coming weeks. I commend this statement to the House.

Mr. George Osborne (Tatton) (Con): The fallout from the first bank run in 140 years gets worse each week, and today has been another day of weakness and confusion from the Chancellor of the Exchequer. Of course, we all hope that a buyer can be found who will save the jobs at Northern Rock and repay the taxpayer. [HON. MEMBERS: "No you don't."] I am sorry that Labour Members are not interested in jobs in the north-east or in the future of Northern Rock. Perhaps they will pay attention, because we are conscious of the impact of this in the north—*[Interruption.]*

Mr. Speaker: Order. Let the hon. Gentleman ask his questions.

Mr. Osborne: The question we now ask of the Chancellor is simple: has he been honest with taxpayers about the risks that they face, and has he told the whole truth? First, let us look at what he has announced today. He announced that what was supposed to be a short-term emergency facility for Northern Rock may now be extended beyond February and could last for years. Thank you, but we already knew that because it was in a memo from the company's advisers that was leaked last week. Indeed, throughout the crisis we have learned more from media leaks than we have from the Government.

The Chancellor will not tell us the size of the facility, when he expects it to be repaid or the terms of the repayment, even though much of that information is an open secret in the City. Indeed, the Governor of the Bank of England wants to publish the letter that he sent to the Chancellor to set out those terms. He told the Select Committee that he wanted to do so, but the Chancellor refuses to publish the letter and simply says that it is in the public interest that he should refuse. Clearly, the Governor of the Bank of England disagrees. Will the Chancellor explain in greater detail why he will not publish that letter?

This is not about the commercial interests that the Prime Minister spoke about last week, but about the public interest and the £900 that has been pledged on behalf of every taxpayer in Britain. The Chancellor talks about the Government's liabilities being secured against £100 billion of Northern Rock assets, but he does not say that many of the assets are already promised to other creditors. Will he confirm that the free assets at Northern Rock could be closer to £40 billion and that total Government liabilities, through both the facility and the deposit guarantee, might now be approaching the total of the available assets, putting the taxpayer further at risk?

The Treasury also said today:

> "Authorities expect the costs and risks associated with Northern Rock to be borne to the greatest extent possible by the current and future private sector providers of capital."

So do we, but has the Chancellor given a general guarantee to cover the £13 billion or so lent by medium-term note holders—the large institutions that lent money with their eyes open? Has the Chancellor considered reducing the risk to taxpayers by announcing a cap on the guarantee offered by the Government so that only individual savers are fully protected? Of course, we need to get the depositor protection legislation right, but we now know from the Governor of the Bank of England that he has been pressing the Chancellor to do that for a considerable time.

The Chancellor has failed to address today the two things that he appears so far to have kept secret from Parliament and from the taxpayer. First, will he tell us whether it is true that the Treasury, as well as the Bank of England, has lent money to Northern Rock? He mentioned only the Bank of England in his statement, but today we are told that the Treasury has also lent so-called subordinated term debt, which does not have to be paid for five years, comes at the back of the queue and is in most danger of default if the bank is wound up. If that is true, taxpayers have been exposed to an extraordinary long-term risk, yet we have been told about that Treasury loan by the BBC's business editor rather than the Chancellor of the Exchequer. If it is

true, the Chancellor is surely deliberately withholding information from Parliament and the public. Will he confirm the existence of that Treasury loan?

The second thing that has become clearer today is that the Chancellor cannot be sure of keeping the promises that he and the Prime Minister made to the taxpayer. He said to the Select Committee that

"we fully expect to be able to get that money back."

He said to the public that

"any money that the Government makes available"

to Northern Rock

"we can recover from its assets".

The Prime Minister said at the Dispatch Box last week that the money from the taxpayer was

"guaranteed against Northern Rock assets."—[*Official Report*, 14 November 2007; Vol. 467, c. 660.]

Today, the Chancellor merely says that he wants the best outcome for the public purse. Will all the money lent by the taxpayer be repaid with interest—yes or no? Let us hope that the answer is yes and that, in the final reckoning, the taxpayer will not have paid a heavy price for the Government's incompetence. Let us hope that the Chancellor can be honest today about the risks to the taxpayer and about the existence of the secret Treasury loan.

We are considering a tale of incompetence and weak leadership from a Government who now reel from one disaster to another. We have a Chancellor who appears to have made secret loans from the Treasury, who has made guarantees to the taxpayer that he cannot be sure of honouring and whose weakness contributes to the instability of the financial system. That is why the Chancellor's job is now on the line.

Mr. Darling: I am sorry that the hon. Gentleman was unable to make any constructive proposals. He supported the decision that I made at the start to enable us to provide lender-of-last-resort facilities to the bank. He also supported providing a guarantee, yet he now tries to give the impression that he does not agree with any of those things.

On the many questions that the hon. Gentleman asked about future proposals, he knows full well that, until we have had a chance to assess the proposals that the various financial institutions have presented and reach a view about what would work, it is impossible for me to state precisely the arrangements that we expect for Northern Rock in future. However, it is right to spend time assessing the proposals that the various institutions have made and then come to a view about what is best to ensure that we secure a future for Northern Rock and protect the wider public interest, especially the taxpayers' money that has been lent to the bank.

It is hardly a secret that we have made facilities available to Northern Rock—I have informed the House at each and every stage of events, as hon. Members would expect. Furthermore, we were absolutely right to take such actions because the consequences of letting the Northern Rock bank fail, as the hon. Gentleman now appears to suggest that we should have done, would have been immensely damaging to this country's financial institutions.

The hon. Gentleman asked several questions. First, he asked about the deposits that we are guaranteeing. As I told him, they remain in the bank, so there has been no cost to the taxpayers. The money is there; people can take it out if they wish. However, the guarantee exists, and it is not, therefore, necessary for people to take out the money. There has not been a cost to the taxpayer because the money is in the bank.

The hon. Gentleman asked about lending to the Northern Rock bank. The lending of last resort and the lending that started in the week beginning 9 October has been by the Bank of England. He asked especially about a story that appeared on the BBC this morning on the element of the loan that represents the penal rate of interest that the Bank of England normally charges. The sum concerned is nothing like the figure about which Mr. Peston speculated on the radio. It is a small amount of money, which will be recovered from Northern Rock. It is due to be recovered by Northern Rock as and when we move to the next stage. There is, therefore, nothing secret about it. It is a perfectly normal lending operation by the Bank of England that is necessary to secure the future of Northern Rock.

The hon. Gentleman asked about the letter that the Governor of the Bank of England sent. I repeat what I said when he asked that question last week—the Treasury Committee asked the same question. On the evening before the lender-of-last-resort facilities were announced, both the Governor of the Bank of England and the chairman of the FSA wrote letters advising me to authorise such facilities. The letters must be seen together. It is true that the Governor of the Bank of England told the Select Committee that he had no objection to publication. However, the chairman of the FSA most certainly objects to the letters being published. As I said to the Treasury Committee, I do not say that we will never publish them—I believe that, given time, it may be appropriate to do so. However, it would not be in the public interest to publish them now. I have consistently taken that position with the Select Committee and in the House last week and today.

I believe that what I did in respect of Northern Rock at the start was right. I believe that it is right now to give the bank the space that it needs to consider its strategic options. Anything else, I believe, would be grossly irresponsible, and I am sorry that the hon. Gentleman has chosen to follow that path.

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): May I say to my right hon. Friend that, contrary to the view expressed by the hon. Member for Tatton (Mr. Osborne), his proposals have been rightly welcomed so far in my constituency, where Northern Rock has its head office, and in Newcastle in general? He said that he would outline the principles on which the Government would act in the coming weeks, and I am pleased that the public interest was put at the forefront of those principles. In defining the public interest, is he prepared to look at the question of employment, not only at this time but at the time that any bid might be successful, and for a five-year period afterwards? Will he ask any bidder to itemise its employment plans, both at the time of sale and for a period of five years afterwards?

Mr. Darling: I am grateful for my hon. Friend's support. As he rightly says, there is a great deal of understandable interest in the issue in the north-east,

[Mr. Darling]

because of the impact on jobs and on the wider economy there. As I have said on previous occasions, I hope that we can do everything possible to allow the Northern Rock to continue to do business. As he knows, many hurdles must be crossed, but we will do everything we can to help. That is why it is so necessary to provide Northern Rock with a breathing space, and it is deeply regrettable that some people, particularly Conservatives, now seem to be suggesting that that is wrong.

Dr. Vincent Cable (Twickenham) (LD): I do not know whether the Chancellor has been singing in the bath, but he does bear an increasing resemblance to the former Conservative Chancellor, Norman Lamont, who presided over a comparable financial disaster.

I want to focus on the £24 billion loan—£900 for every taxpayer—which is over and above the £18 billion deposit guarantee, which is less controversial and which we all support. The former Prime Minister, Tony Blair, was widely criticised for advancing £800 million for the millennium dome. In the past few weeks, the Government have provided the equivalent of 30 millennium domes to this bank, without even the prospect of a decent pop concert at the end of it.

The key question, which I put to the Prime Minister last week, is this: is the lending secured? He said that it was. Will the Chancellor confirm, however, that that is not the case? Of the loan, £13 billion has a first charge security, although at a more relaxed standard than is normal; £11 billion, however, is wholly unsecured. Half the assets of the bank have been packaged up by a company called Granite, which is registered in the Channel Islands and has the first claim on the assets. The remainder is a collection of mortgages, many of which were advanced at the peak of the property market and are now of declining value. I therefore return to the question that I put to the Prime Minister, and that has been partially put to the Chancellor already. Will he stand up and give an absolute guarantee that the loan will be repaid in full, with full interest, within the lifetime of this Parliament?

Will the Chancellor also comment on the management of the company? Does not Mr. Adam Applegarth, who has just been dismissed, now have a pension pot of £2 million and various bonuses, which are underwritten by the taxpayer? Will the Government explain how they got into a position in which they have entrusted £24 billion to a management team that was discredited, that led the bank into its present crisis, and whose chief executive showed such contempt for his own bank that he sold his own shares to invest in a country estate and a Ferrari for his wife?

That is not the only conflict of interest. An attempt is being made to sell the bank, led by the company. The company has a clear conflict of interest. It is in the interests of the directors and the management to maximise the taxpayer's contribution. The taxpayer's money is being used to prop up the bank, and to provide a profit opportunity for spivs in the City.

Let us consider the alternatives. The ideal outcome—*[Interruption.]*

Mr. Speaker: Order. The hon. Gentleman must be allowed to ask his questions.

Dr. Cable: The ideal outcome would be the sale of the bank, as a going concern, to a private operator who could maintain the employment in the north-east and the brand, and repay the Government in full. It is clear from this morning's bids, however, that that is a fantasy and will not happen, which leaves us with two very unpalatable options.

The first option is liquidation of the bank—putting it into administration—which I think we all agree would be a disaster. It would devastate the north-east, the shareholders would get nothing, and the Government would lose a great deal of money. Should not the Government therefore consider the other option, which is temporarily assuming full control of the bank? That would eliminate the conflict of interest, it would provide a breathing space enabling—*[Interruption.]* It would provide a breathing space—*[Interruption.]*

Mr. Speaker: Order. I must now stop the hon. Gentleman.

Mr. Darling: I note that over the weekend the hon. Gentleman changed his position on Northern Rock several times. On Saturday he was calling for full-scale nationalisation, by yesterday he was calling for reluctant nationalisation; and today it was reluctant nationalisation for a very short period. This afternoon, having denounced the City, he went on to press for a quick sale to the very people whom he had denounced.

I understand full well that the board and the shareholders have a particular interest with regard to Northern Rock—I made that clear in my statement—but we, the Government, have an interest in protecting not just financial stability but the taxpayer's money that is being lent. The reason that we insist on our interests being upheld is that we would have to agree with any proposal for the future of Northern Rock. If we do not like a proposal, we can say no to it. We can veto it because, through the Bank of England, we are by far the major creditor.

I believe, however, that simply plumping for one solution today—and presumably, by extension, not bothering even to consider any of the expressions of interest that have been received—would be extremely short-sighted and foolish. Would it not be better to use the time that we have to establish whether those expressions of interest can be translated into a firm proposal that would both help the company and, crucially, protect the public interest? I think that that would be far the better course, and it is the one that I propose to pursue.

Mr. Ronnie Campbell (Blyth Valley) (Lab): At least 6,000 people work at Northern Rock, many of them in my constituency. I agree with my hon. Friend the Member for Newcastle upon Tyne, North (Mr. Henderson) that employment is a big issue among my colleagues and Members of Parliament in the north-east. I join my hon. Friend in asking the Chancellor please to ensure that those jobs are secure. We know that the money is important and paying back the taxpayer is important, but 6,000 jobs are a lot of jobs and we cannot afford to lose them.

Mr. Darling: My hon. Friend is absolutely right. The jobs are very important, which is why I think that the Liberal Democrats' attitude is so short-sighted and

wrong. I think that we owe it to people in the north-east, as well as to the general public, to do all that we can to try to reach a point from which this business can be taken forward. It will be difficult—many hurdles will have to be overcome, and a great deal of hard work will be involved—but I think that the Government have a responsibility to ensure that we can manage the process, and that it would be wrong to close the door on any possibility of something in the future.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Will the Chancellor spell out in more detail why, despite the unprecedented sums involved, he is unable to be more transparent with the House in regard to the amount, the conditions, the terms and the repayment process? He now says that that is not possible because of the central bank's commercial confidentiality, but we were told earlier that the potential deal being considered by the Treasury and the bank was aborted precisely because it was thought that such details would have to be made public.

Mr. Darling: The right hon. Gentleman raises two points. Let me deal with the second one first, as there has been some comment about a proposal that a major bank made to the Government, the Bank and the FSA at the end of August. There was no firm proposal on the table, but, as the FSA chairman has said, an exploratory inquiry was made as to whether the Bank would be prepared to lend the institution in question about £30 billion at commercial rates. It was explained that there were three problems with that. First, neither the Bank nor the Government normally provides commercial lending in this way to a going concern, which is what that financial institution was. The second problem was that if we were to entertain such an option we would have had to ask other banks whether they would be willing to enter into a similar arrangement, perhaps involving less Government money. As the right hon. Gentleman will recognise, the Government cannot just, in effect, lend £30 billion to a bank without there being some sort of due process to allow others to see whether they could do something more competitively. I would have been open to severe criticism if I had done that. The third problem was that, on any view, this would have been state aid.

As it happened, having made the preliminary inquiry the institution never pursued the matter. The proposal was made on a Saturday and the institution withdrew its interest in Northern Rock on Monday. Therefore, it was never the case that there was a proposal on the table that was there to be considered and accepted or rejected. There was a preliminary inquiry, and I have explained what the difficulties were. However, as I have also said to the House, and to the Treasury Committee, I have always taken the view that had it been possible for Northern Rock to have been acquired prior to all these difficulties, that would have been the best solution. I must also say to the right hon. Gentleman—I apologise to the House for taking up so much time in dealing with this, but it is important—that we should remember that that approach was made before anybody in the outside world knew there was a problem with Northern Rock. For us to have then started a competition as to which bank might take it over might have drawn attention to the very problems we are concerned about.

Let me now deal with the other part of the right hon. Gentleman's question. I will be able to tell the House about the terms of repayment once it is clear what course of action is best for Northern Rock and the public interest, as I have set out. It is not possible to do that until we have a proposal that is properly assessed and worked out. On the right hon. Gentleman's point about the general Bank of England question, I explained the position in my statement.

Jim Cousins (Newcastle upon Tyne, Central) (Lab): The whole House will have noted that the Liberal Democrats have as much regard for the 5,500 employees of Northern Rock in the north-east—and the 6,500 nationally—as they had for the job of their former leader. *[Interruption.]* Two or three faces in public, 10 in private—that is the policy of the Liberal Democrats.

Does my right hon. Friend accept that the policy of nationalisation would lead to a slow lingering death for the jobs of the Northern Rock workers, its assets and Britain's reputation as a major financial services centre, with my right hon. Friend the Chancellor cast in the role of undertaker—and that only by finding a successor business to grow on those jobs, assets and reputations can we offer any real prospect of the taxpayers getting their money back?

Mr. Speaker: Order. I remind Members that they must ask brief supplementary questions.

Mr. Darling: I agree with my hon. Friend. It is regrettable and surprising that the Liberal Democrats never seemed to support our earlier proposals to keep Northern Rock open. It would also, however, be a mistake to shut off all other options and simply go for one at this stage; that does not seem to me to make any sense at all.

Mr. Michael Fallon (Sevenoaks) (Con): Is it the Chancellor's position now that there is no agreed schedule of repayments for the £23 billion? Is it not also clear from his statement to the stock exchange that he now envisages state aid continuing well beyond the original February deadline?

Mr. Darling: In relation to that last point, as I said to the Treasury Committee, of which the hon. Gentleman is a member, we wanted to make it clear to the company that we needed to get proposals and we needed to bring that to a head, which is why we said that we would review the matter at the end of February. We have never said that everything would stop at the end of February and could not possibly continue. Surely the best thing to do to secure the best possible repayment of the loan made by the Bank of England is to assess the proposals being worked up and then decide on the appropriate rate and timing of repayment. To box ourselves in now and exclude options without having properly considered them would be the wrong thing to do.

John McFall (West Dunbartonshire) (Lab/Co-op): I refer the Chancellor to his statement on principles this morning. Paragraphs 2 and 3 talk about protecting taxpayers' interests, promoting financial stability and ensuring that the consumer is safeguarded. For the sake of the Treasury Committee's inquiry, will he tell us in what order he places those objectives? May I remind

[John McFall]

him about Friday's statement from Northern Rock, which was put out late in the evening and did nothing to bring credibility or focus to this issue. Will he impress upon Bryan Sanderson, its chairman, that there is no case for a payout for its chief executive, Adam Applegarth? Suspicious minds would consider that he is staying on until February so that it is reported in the spring 2009 annual reports, when this will have been swept under the carpet. Credibility is important in negotiations over the next few months. Will the Chancellor ensure that that credibility is injected into this company?

Mr. Darling: I am sure that Bryan Sanderson will have heard what my right hon. Friend has had to say. It is important, especially given the position that Northern Rock is in at the moment, that whatever it does, it must ask itself whether that is the right thing to do. In answer to his question about the three principles that I set out—to protect taxpayers, to promote financial stability and to protect depositors—they are all equally important. For the avoidance of doubt, both inside this House and out, ensuring that we safeguard the taxpayer's interest is very important, but the other principles are important too.

Stewart Hosie (Dundee, East) (SNP): The Chancellor said in a previous answer that the facility would be reviewed at the end of February. Today's Treasury press release was headed:

"Principles for assessing Northern Rock proposals".

It states:

"The principles clearly state that interested parties should not assume at this stage that the current Bank of England loan facilities will be available beyond either any sale or the expiry of the facilities in February."

Yet in his statement the Chancellor said that it would be wrong to dismiss any option, and the third point of what he called his approach was to maintain wider financial stability. Those comments may seem slightly inconsistent, so to help provide transparency, which he was discussing with the G20 Finance Ministers at the weekend, will he tell us how long he expects to, or would be prepared to, have the guarantee and the facility in place?

Mr. Darling: May I suggest that the hon. Gentleman read the statement on principles that I have published today? It says that bidders should not just assume that the facilities will be available in perpetuity, and then goes on to say that we

"are willing to discuss any proposals made".

That is entirely consistent with what I said in my statement, and with what I said to the hon. Member for Sevenoaks (Mr. Fallon). To get ourselves into a situation whereby right from the start we impose conditions on ourselves that mean that we may not get the best deal available would be a mistake. Most people in this House want to see a solution that, ideally, would help Northern Rock move on in the future and also ensure that we can safeguard both the wider public interest and the specific taxpayers' interest. If the hon. Member for Dundee, East (Stewart Hosie) were to examine paragraph 3 of the statement on principles, he would see that that is precisely what the Government set out.

Sir Stuart Bell (Middlesbrough) (Lab): The Chancellor of the Exchequer has just repeated what he said earlier, in his statement—that he is trying to balance financial stability, the taxpayer's interest and the depositor's interest. May I assure him that if he follows the line taken by the hon. Member for Tatton (Mr. Osborne) and secures only individual investors rather than institutional lenders, the financial markets would see havoc overnight? May I echo the thoughts of my hon. Friends who represent Newcastle seats—that 6,100 jobs are at stake and that this is a major regional company? What we are seeing in this House is Northern Rock being used as a political football, not a surrogate attack on our financial stability.

Mr. Darling: It would be regrettable if the future of Northern Rock became a political football, and I know that my hon. Friend—who of course represents a seat in the north-east—is very mindful of the effect on the economy of the north-east. I agree that the three principles set out this morning are important. As for the guarantee, perhaps I did not deal with the point raised by the hon. Member for Tatton (Mr. Osborne). Having given the guarantee, I am now invited by him to unpick it—but that would be the wrong thing to do.

Peter Viggers (Gosport) (Con): Surely if a way ahead is to be found, it will be on the basis of known facts. For the Government to plead confidentiality, and for an injunction to be sought to prevent the publication of facts relating to the matter, must be counter-productive. Can the Chancellor specifically confirm or deny that there is a proposal for a five-year subordinated loan stock to roll up the interest on the loan?

Mr. Darling: The hon. Gentleman refers to an injunction that was sought by the company, in which the Government played no part.

Mr. David Clelland (Tyne Bridge) (Lab): Is it not now clear that if either of the Opposition parties had been in power, Northern Rock would already have sunk without trace and 6,000 jobs would have gone down the drain? Is my right hon. Friend aware that whatever the outcome of this, the people of the north-east are at least assured that the Government are doing whatever they can to ensure the future of that business and the thousands of jobs involved?

Mr. Darling: My hon. Friend is right. He has raised that point every time we have discussed the issue on the Floor of the House, and he is right. We owe it to people to do everything we can to help the situation. It is unfortunate that some of those who supported what we were doing at the start now appear to be changing their tune.

Mr. Brian Binley (Northampton, South) (Con): The Chancellor charges the shadow Chancellor with irresponsibility, but many taxpayers believe that the Chancellor may have acted irresponsibly by putting their money at risk. They will not be reassured by the vague assurances that he has given today, unless he is more specific. For that reason, can he tell us the precise value of the free collateral that Northern Rock holds, and how many of its assets are already pledged to other creditors?

Mr. Darling: I do not think that I said that the shadow Chancellor was irresponsible: that is the hon. Gentleman's word, not mine. There are two issues in relation to the point that he makes. It was, and continues to be, right to give Northern Rock both the initial lender of last resort support and subsequent support. The hon. Gentleman almost implies that we should not have done that—*[Interruption]*—but that would have meant that Northern Rock would have been in substantial difficulties—*[Interruption.]* Well, that is the implication of what the hon. Gentleman said. As for the loans made by the Bank of England, they are secured in the way that I described in my statement.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): Is my right hon. Friend aware that Labour Members fully endorse his triple objectives? I wish to remind him, as many of my colleagues from the north-east have done, of the employment considerations. We also fully support him in taking time to find a solution that meets those objectives, but time is also pressing, in that further large loans may come to maturity in January and February and could make the Government's exposure even greater. Therefore, I urge him to make it clear to those with whom he is negotiating that ultimately—if they are very unreasonable and cannot come to terms with the Government on those reasonable objectives—there is an alternative available.

Mr. Darling: I am grateful to my hon. Friend, and I think that I have set out the right approach, although he is right that the situation cannot be allowed to drag on. We need to try to bring the matter to a conclusion as quickly as we reasonably can, consistent with an opportunity to assess the proposals that we have.

Sir George Young (North-West Hampshire) (Con): What are the implications for the Government's borrowing requirement of the unexpected multi-billion pound liability for Northern Rock?

Mr. Darling: The position with regard to the Government's borrowing was set out at the time of the pre-Budget report. The Bank of England's lending is being done by the Bank, but clearly the Government stand behind the bank.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I wonder whether my right hon. Friend is aware that my constituents are very grateful to the Government for the way in which they acted to support Northern Rock depositors and to secure a future for the bank, but that confidence in the bank, and the well-being of my constituents, is not helped by the comments of Opposition Members? Can he tell us whether the public interest criterion will extend to trying to secure a future for the Northern Rock Foundation as well as for the bank itself?

Mr. Darling: I know that many people in the north-east are concerned about the foundation, which has provided support in excess of £24 million for projects. That is important, so I hope that anyone making proposals will bear it in mind; it is one of the reasons why Northern Rock is so appreciated in the north-east. I can only repeat what I said earlier: we will do everything we can to help. There are considerable difficulties, and the period for assessing the proposals will allow us to see whether we can make progress.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): In the Chancellor's statement he said that the guarantee for depositors would not be removed without proper notice to depositors. May I invite him to be a little more specific? Surely, without a successful sale, any withdrawal of that guarantee will simply precipitate another run—a terminal run.

Mr. Darling: I was making the point that the guarantee is there and that it will not be removed without warning. I said it would continue as long as current conditions subsist. One of the things that we will consider is future legislation to put in place a long-term deposit protection scheme, as I indicated earlier. What I have tried to do right from the start is to provide stability not just for Northern Rock but for the financial system as a whole, and the guarantee is an important part of that.

Mr. George Mudie (Leeds, East) (Lab): Unlike those on the Opposition Front Benches, I remember having welcomed the Chancellor's giving the facility to Northern Rock on the grounds that it would avoid wider financial instability. My memory is better, and I stick by it. I now welcome the spelling out of the priorities in terms of taxpayer and depositor protection, as well as wider financial stability—but has the bank made crystal clear to private shareholders, including the one or two hedge funds that have opportunistically come on board, the reality of their position, and made sure that they approach the private bids with that reality in mind?

Mr. Darling: My hon. Friend raises an important point, and I think the shareholders are aware of their position. Our responsibility in respect of the stability of the financial system is to make sure we can help depositors and maintain the interests of taxpayers as we look for a solution. Those are our objectives, and people should be in no doubt about them.

Mr. Andrew Tyrie (Chichester) (Con): On 5 November, the Chancellor appeared to make it clear that any money the Government made available to Northern Rock would be recovered against Northern Rock's assets, but today he has studiously avoided answering that direct question, and studiously avoided providing us with a guarantee for our taxpayers that in the end we will get our money back. Will he now give taxpayers that pledge?

Mr. Darling: I said in my statement—as I have said on a number of occasions—that money lent by the Bank of England is secured against assets such as mortgages held by Northern Rock, so we fully expect to get it back.

Mr. Kevan Jones (North Durham) (Lab): Northern Rock is the only major financial institution with headquarters in the north-east, and I concur with the sentiments expressed by Members from the north-east who argue that those jobs are important to the north-east economy. Will my right hon. Friend ignore

[Mr. Kevan Jones]

the sanguine voices of Opposition Members, including the former Economic Secretary, the hon. Member for Stratford-on-Avon (Mr. Maples), who said last week that by the end of this week we should let Northern Rock go into receivership? That would be not only disastrous for the north-east economy but bad for the negotiations.

Mr. Darling: I agree with my hon. Friend. It is important that we do everything we can to assist in this situation, and I am sorry that a number of Opposition Members take a different view.

Mr. John Redwood (Wokingham) (Con): Should the Chancellor not make clear how much money is available and for how long, to avoid a false market in the shares and allow fair evaluation of the bids?

Mr. Darling: No, I think that the approach that we are taking is right. As I said, I wanted to provide Northern Rock with the breathing space to assess the options available to it. We have to make that assessment too, because of the interests that I have outlined. It is important that we take the necessary time to do that, but I have also said that we cannot allow the situation to run indefinitely, for perfectly obvious reasons. To impose an artificial deadline or date would be unhelpful at this stage.

Mr. David Anderson (Blaydon) (Lab): It does not surprise any of us that Opposition parties do not care about 6,000 jobs in the north-east, as they have a track record of not caring about work in the north-east. What is really in the interests of the public and taxpayers is to ensure that neither Opposition party ever again gets control of the financial levers of this country.

Mr. Darling: I have some sympathy with that proposition, too.

Mr. Andrew Mackay (Bracknell) (Con): As the Chancellor has now been forced to concede that the business editor of the BBC was right to say that the Treasury, too, is loaning money to Northern Rock, the only questions are: how much, at what rates, and when is it to be repaid?

Mr. Darling: I did not say that at all. I said that the element that was being talked about, to which the penal rate of interest has been applied and which is being treated separately, is being made available from the Bank of England—but we expect that to be repaid, too.

Mr. Andrew Love (Edmonton) (Lab/Co-op): If the board of directors rejects all the expressions of interest by hedge funds that are large shareholders in the organisation, what powers do the Treasury and the Secretary of State have to ensure that we bring the matter to a quick conclusion so that we do not end up with a liquidation, which would be to nobody's benefit, least of all the employees of the bank?

Mr. Darling: The Northern Rock bank has to consider all the options available to it. It is perfectly well aware that the option of doing nothing is not open to it; that just cannot be the position. The Government will remain in close contact with the bank to ensure that it examines all the options. As I have made clear, we need to keep all the options on the table. It would be a big mistake to rule out any one of them.

Mr. Graham Brady (Altrincham and Sale, West) (Con): Is it still the Chancellor's position that if any other bank were to find itself in comparable difficulties, the same sort of support would be provided?

Mr. Darling: Yes, I have made it clear that the Bank of England's job as a central banker is to ensure the financial stability of the system, so if we were to have another situation with a bank like what happened with Northern Rock, the approach would be clear. That is the job of the central bank in this country, as it would be in any other country.

Jeremy Corbyn (Islington, North) (Lab): Following on from the previous question, does the Chancellor have any concerns that any other bank, along the lines of Northern Rock, has borrowed excessively on the inter-bank market and therefore put itself and its customers in some danger? Does he have any proposals to change legislation in that respect?

Mr. Darling: I made it clear that I think two things are necessary. One is that the FSA, as it has already said, needs to examine the way in which it regulates banks. It has said, perhaps with the benefit of hindsight, that what was happening in Northern Rock should have been looked at earlier. One thing that we should not lose sight of is the root causes of the problem: Northern Rock had a business model predicated on its being able to get very large sums of money from the financial markets, which simply dried up so that it could no longer get those sums. The FSA accepts that it should have looked at that situation. I have also said that we need to consider whether to make any further changes to the regulatory system, and that is being considered by the Treasury Committee, too.

Mr. Graham Stuart (Beverley and Holderness) (Con): For the elimination of doubt, will the Chancellor confirm that the BBC is wrong, and that no loans whatever have been made by the Treasury, as opposed to the Bank of England?

Mr. Darling: I have explained the position on that element of the loan—the penal rate of interest. I have nothing to add to what I have said in response to previous questions on that subject.

Rob Marris (Wolverhampton, South-West) (Lab): In the case of Northern Rock, there was no adverse finding by the ombudsman but a 100 per cent. bail-out of savers by Government. In the case of 125,000 pensioners, there is an adverse finding by the ombudsman but currently only an 80 per cent. bail-out. Will my right hon. Friend agree to increase the financial assistance scheme bail-out to 100 per cent., and, if he does not agree to 100 per cent. for those pensioners, can he explain the inconsistency in the Government's position?

Mr. Darling: Financial support for pensioners is a different matter altogether. As my hon. Friend knows, the Government have been considering the position, and I expect that my right hon. Friend the Secretary of State for Work and Pensions, who was at the Dispatch Box just before me, will have something to say about it in due course.

Point of Order

4.25 pm

Mr. Rob Wilson (Reading, East) (Con): On a point of order, Mr. Speaker. I seek guidance on an important matter of parliamentary protocol. The right hon. Member for Redditch (Jacqui Smith), who is now Home Secretary, has been made aware of my point of order in advance. In November 2004, when she was Minister with responsibility for the regions, she made a statement to the House regarding the appointment of new directors to the South West of England Development Agency. An important element of that statement was later found to be inaccurate. I seek general guidance on whether a Minister making an inaccurate statement to the House should also be the Minister who makes the required correction to that statement, and whether a Minister should correct an inaccurate or untrue statement even after some time has passed.

Mr. Speaker: I do not think that that is a matter for the Chair. The hon. Gentleman should put his questions to the Department concerned and seek the rectification that he is looking for. It is not for me to intervene in the matter.

Orders of the Day

European Communities (Finance) Bill

Order for Second Reading read.

4.26 pm

The Chief Secretary to the Treasury (Andy Burnham): I beg to move, That the Bill be now read a Second time.

We have a rare treat today—a Treasury double-header, as Sky Sports might say. The Bill implements the decisions agreed at the December 2005 European Council under the UK presidency and gives effect to the new own resources decision for the financial perspective from 2007 to 2013. That agreement was in our long-term national interest. It is good for Britain and good for Europe, and today I shall explain why. It is good for Britain because it not only preserves our rebate but will see it rise in value during the next six years. It is good for Europe because it provides investment to help the emerging economies of eastern Europe prosper, which in turn and in time will benefit our own economy, as have all previous EU enlargements. The Bill will help to pay for European enlargement.

Mr. Graham Brady (Altrincham and Sale, West) (Con) *rose—*

Andy Burnham: So soon? I give way.

Mr. Brady: I thank the Minister. He says that under the deal, the British abatement will increase. Will he confirm, though, that Britain's net contribution to the EU budget will increase by £2.3 billion a year?

Andy Burnham: I will come to the changes implemented by the decision, but the point that I was about to make when the hon. Gentleman intervened is that it is not enough for the Conservative party to say that it is a supporter of European enlargement; it is not enough to support the end goal without taking the sometimes difficult decisions that will allow that goal to be met. It is simply not good enough to flinch from decisions on the issues that stand in the way of making EU enlargement a success. I shall return to his precise point and make the positive case throughout my remarks.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): The Minister mentioned that the agreement will benefit eastern European states, but is he aware that some of those states are already struggling to spend the money that they have been given, and that they have a big backlog of money from the European Union that they have not been able to spend?

Andy Burnham: I respect the hon. Gentleman's knowledge of eastern Europe, but he will understand that the rate at which countries can draw down allocations from the EU budget determines the size of the contribution that others make. He will understand that the position of the wealthier nations is protected.

Mr. John Baron (Billericay) (Con): The Minister will remember that the Government's original position was that the rebate would be given up only if there were

[Mr. John Baron]

meaningful reform of the common agricultural policy. Given that there has been none and that, having sacrificed our rebate—or a large part of it, anyway—we will pay in 20 per cent. more than France in the coming years, but get back only half what France gets back, does he understand why British taxpayers believe that they are being short-changed by the Government?

Andy Burnham: The hon. Gentleman has raised a range of points that I will address in the substance of my remarks. As I have said, I want to make a positive case for what Britain agreed in 2005. That agreement brought Britain and France into rough parity on net contributions to the European Union. The Government made a clear request for a review of the European budget as part of that agreement, which we secured. We can address all the hon. Gentleman's points.

Today, I expect to hear variations on the refrain that what is good for Europe cannot possibly be good for Britain and that Europe's interests and Britain's interests are essentially incompatible, and I intend to meet that argument head-on. The Government reject that isolationist and negative thinking, although we do not uncritically accept everything that Europe says. The deal secured by the Prime Minister and the former Prime Minister, Tony Blair, is €160 billion cheaper than the original proposals from the European Commission.

Mr. William Cash (Stone) (Con): Will the Chief Secretary indicate in straightforward and simple language how much less will be made available to the regions of the United Kingdom from funds such as the structural funds?

Andy Burnham: I will come on to that point in my remarks, if the hon. Gentleman will hold his horses. I ask him head-on whether, if he supports the EU, he supports enlargement. If so, will he accept that a contribution should be made by this country to the cost of enlargement? As English regions improve their competitiveness, as I am pleased to say Merseyside has recently done, is it not right that the available funds should go to support the regions of Europe that most need that extra investment?

Julia Goldsworthy (Falmouth and Camborne) (LD): The Chief Secretary is right that it is important that the parts of Europe that need structural funds receive them. Cornwall, in which my constituency is situated, will continue to receive those funds. Does he agree that the funding available is also based on the amount of match funding available from the Government? It is unfortunate that the Government are not match funding at similar levels to those achieved on objective 1 funding.

Andy Burnham: The hon. Lady is right on that strict technical point. I hope that she accepts that Cornwall will continue to benefit from structural and cohesion funding. To pick up the point made by the hon. Member for Stone (Mr. Cash), funds will continue to be available to the less well-developed regions of Britain. Merseyside has recently improved its competitiveness, but challenges remain in Cornwall and, I believe, the western highlands. Parts of this country will still benefit substantially from funding to improve their competitiveness.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): Many of us are and always have been in favour of expansion and of contributing money to the new accession countries, but why is France the biggest recipient of funding from the EU budget? The Chief Secretary, the present Chancellor and the present Prime Minister should not get the blame for this appalling document, because we can all agree that a bad boy did it and ran away.

Andy Burnham: My hon. Friend knows my background, and I do not agree with him at all. Indeed, it is possible to argue that in this financial perspective we make ground on the traditional complaint aired by many Eurosceptics over the years. I am comfortable with the deal. I come back to where I started: the deal is good for Britain and shows that Britain is a middle-ranking net contributor among the wealthier nations.

Mr. Denis MacShane (Rotherham) (Lab): If the Minister cares to read page 32 of the excellent paper prepared by the Library for this debate, he will see in the final column on net contributions for 2006, which is before the next budgetary round kicks in, that France made a net contribution of €3,140 million and the UK made one of €4,086 million. France is therefore up with the UK and Germany as a major net contributor. I am afraid that the notion that France is a net recipient is 20th century truth, but 21st century mythology.

Andy Burnham: My right hon. Friend is absolutely correct: France is a net contributor, as is this country. As I have just said, France's contributions will grow twice as fast in this financial perspective—as, incidentally, will Italy's. That is why I come back to the point that the agreement is good for this country.

Let me give an indication of the net contributions that we will make. Table B11 of the pre-Budget report document shows that the estimates for the net expenditure transfers to EC institutions are £5.6 billion for 2007-08, £5.5 billion for 2008-09 and £5.7 billion for 2009-10.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): The Minister has mentioned France's and Italy's net contributions. In the interests of transparency, will he give a commitment to the House to publish official Treasury estimates of the net contributions of all member states? My understanding is that, to date, the Treasury has officially published only an estimate of the French net contribution.

Andy Burnham: I should say to the hon. Gentleman—*[Interruption.]* If he holds his horses, I shall give him his answer. It is not common practice for one EU state to publish details about others in a haphazard and cherry-picking way; the Commission makes those figures available. I have said clearly this afternoon that, on the basis of figures in the public domain, Britain's net contributions will be in rough parity with those of the French. I hope that he is satisfied with that answer.

Philip Davies (Shipley) (Con) *rose—*

Mr. John Redwood (Wokingham) (Con) *rose—*

Andy Burnham: I shall give way first to the right hon. Gentleman and then to the hon. Gentleman.

Mr. Redwood: Will the Minister tell us what our total gross contribution as a country will be between 2007 and 2013?

Andy Burnham: I will answer the right hon. Gentleman, but Members are tempting me to the meat and detail of my speech before I have reached them. The overall gross contribution will rise—the figure is a rough one; obviously, we are talking about forecasts—by about 3 per cent. a year during this financial perspective. I shall come directly to the figures later. Obviously, there was a bigger increase in the net contribution rather than the gross contribution.

Philip Davies *rose—*

Andy Burnham: I apologise to the hon. Gentleman; he has waited a long time.

Philip Davies: The Minister has been generous in giving way. He takes the view that the deal is good for Britain and that spending all that money is in our interest, and I disagree fundamentally. The Court of Auditors has refused to sign off the accounts for the 13th year running. Even if one accepted the Minister's argument, one would still have to ask how on earth he can say that it is in British taxpayers' interests to keep giving more and more money to a body open to so much fraud and whose accounts the auditors will not sign off. Is there, anywhere in the world, any other organisation whose accounts have not been signed off by auditors, but to which the Treasury would agree to keep giving more and more money?

Andy Burnham: I hope that the hon. Gentleman will keep his seat, because I am going to read out one of his own quotations later—a treat that we can all look forward to. The statement issued by the Court of Auditors last week showed some progress, but it was disappointing, and there needs to be further progress. Let me refer him to a report by the House of Lords on this issue, which states that

"the failure to give a positive Statement of Assurance does not tell the whole story...Firstly, we argue that a lack of a positive Statement of Assurance does not necessarily indicate that high levels of fraudulent or corrupt transactions have taken place."

[Interruption.] I simply refer the hon. Gentleman to that learned document on the European accounts, which he should consider before he indulges in his sweeping and ill-informed generalisations about what those accounts mean.

Mr. Cash: May I try to correct something on which I think that the Minister—I say this in all fairness—misled the House just now, as did the right hon. Member for Rotherham (Mr. MacShane)? "Misled" is perhaps overdoing it, but they inadvertently got their figures a little muddled. The figures on net contributions per head, which are of extreme interest to individual members of the electorate, produce a quite different answer from that proposed by the right hon. Member for Rotherham. In the United Kingdom, we pay €124 per head, which is the third most. Denmark pays the second most, with €127, and the Netherlands pays the most—€241. Germany's net contribution per head is only €100, while France pays only €50. Does not that rather blow his argument out of the water?

Andy Burnham: I know that the hon. Gentleman gets heated on these matters, but I urge him to use temperate language. I have not misled the House. He has brought his own set of figures to the debate. The point that I was clearly making was that on the basis of gross national income, the agreement that we are about to discuss—I hope that he will begin to let me discuss it in more detail—leaves France and Britain in rough parity in terms of our overall contributions to the EU budget. I stand entirely by what I said.

Mr. MacShane: Assuming that the hon. Member for Stone (Mr. Cash) is reading from the same document as me, the UK is at the bottom of the column, where it says that the figure is €68 per head. He read out the Swedish figure of €124 per head. I am tempted to say something to him in Swedish, but it would be helpful if he were able to read a column of figures before contributing to the debate.

Andy Burnham: If anybody is watching at home, I will leave it to them to draw their own conclusions about who has been misleading the House.

Madam Deputy Speaker (Sylvia Heal): Order. I think that we should now move on. People are quoting different sets of figures, which are matters for debate. Perhaps we can now proceed.

Andy Burnham: A visit to an optician's in Stone might be in order, too.

This Government will continue to make the positive case for an enlarged and prosperous European Union as being directly in our national and economic interest. Britain benefits from being part of an open, prosperous Europe of 500 million people. The EU is Britain's largest market by far, and—I hope that Conservative Members will listen to this point—it follows that British business needs a Government who engage constructively in discussions about the operation and rules of that market. It is precisely because we engage constructively, rather than grandstanding and posturing, that we secure results that are in the national interest.

To aid our debate today, let me put some facts on the table. First, the Bill and the agreement that it implements will preserve the British rebate in full on all spending on the EU15 and on all agricultural spending on the EU27, irrespective of their accession dates. The abatement has the same basis as it did at its inception at Fontainebleau in 1984. The rebate will be disapplied only on non-agricultural expenditure, which primarily supports economic development in the member states that have joined the Union since 30 April 2004.

Mr. Peter Bone (Wellingborough) (Con): Will the Minister give way?

Andy Burnham: I shall give way to the hon. Gentleman, but let him answer this question: does his party support helping those countries to improve their economic development?

Mr. Bone: The Minister said that it was in our economic interest to be in the European Union. When we went into the Union, we had a trade deficit with the EEC of £1.327 billion. That was recalculated to be £11.3 billion, and today's balance of trade deficit with the European Union is £38 billion. That represents 80 per cent. of our trade deficit. When we went in, it was only 50 per cent. How is that an economic positive?

Andy Burnham: I fear that some more dodgy Tory figures are being quoted there.

Mr. Bone: On a point of order, Madam Deputy Speaker. Those figures were given to me by the Library.

Madam Deputy Speaker: That is not a point of order for the Chair, but the matter is now on the record.

Andy Burnham: I am glad about that.

The hon. Gentleman may not like it, but the EU is our largest trading partner. It accounts for 57 per cent. of our economy, and if he is arguing against that, I would like to see him justify what he says to the businesses in his constituency.

Mr. Quentin Davies (Grantham and Stamford) (Lab): Will my right hon. Friend take it from me, because I know a tiny bit about it, that Conservative statements on this matter have to be treated with the greatest degree of scepticism? A large number of Tories have no problem at all in making completely contradictory statements on anything to do with the EU because their actual agenda is to destroy our relationship with the Union in the first place.

Andy Burnham: My hon. Friend says it all. There speaks the true voice of experience and reason in this debate.

Chris Bryant (Rhondda) (Lab): I hope that the true voice of reason will continue now. The more important point about workers in this country is that if the new accession countries had not come into the European Union, they would still have been competing with Britain on jobs, but on the basis of weaker health and safety regulations and weaker workers rights; they would have been competing in the bargain basement. We need them to develop economically so that we can all compete on the basis of added value.

Andy Burnham: My hon. Friend makes an incredibly important point that produced silence from the Opposition Benches. Outside this Chamber, British businesses will understand his point and why it holds true for them and the competitiveness of this country. It is also true that the amount of trade that this country has with the A8 countries has increased significantly since their accession to the EU. It is a question of having not just a level playing field, but more trade as well. That has got to be good for the British economy.

Mr. Philip Hammond: The right hon. Gentleman is making a valiant attempt to defend the indefensible. If the deal is such a good one for Britain, will he tell us why, when the previous Prime Minister came back from Brussels with it in his knapsack, the present Prime Minister ran around briefing every journalist he could get his hands on that it was a bad deal for Britain and that he would never have signed up to it?

Andy Burnham: This was a deal that the former Prime Minister and the current Prime Minister jointly agreed, and if the hon. Gentleman and his hon. Friends will let me, I want to explain why. He has not exactly given me a chance to do so in the debate so far.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): Will the Minister explain, because we find it difficult to understand, why Conservative Members interrupted him when he was talking about the disapplication with regard to economic development in accession countries in order to tell him about the deficit? How on earth can British markets be expanded unless economies are developed and expanded in the rest of the Union? It is economic illiteracy, and it is ridiculous.

Andy Burnham: It certainly is, and I am grateful to my hon. Friend for making the point. Any informed commentator listening to this debate outside will understand what he has just said. I would be interested to hear the discussions that the Opposition have with the CBI on such matters, because many of its members take a very different view from that which they put forward.

Daniel Kawczynski: Will the Minister give way?

Andy Burnham: I would very much like to make some progress from my first point, and that is what I shall do.

Secondly, on latest forecasts the rebate will rise in value over this financial perspective, not fall, to an average of €6 billion a year from 2007. As the former Prime Minister told the House, overall the abatement will get us back around €41 billion in this budget period, which is more than in the last one. Thirdly, the agreement will see sensible, restrained growth in the overall budget. The latest forecasts are that the budget will fall below 1 per cent. of EU gross national income in commitment terms by the end of the financial perspective. Overall, the budget will grow by just 7 per cent. across the financial perspective, as compared with growth of 17 per cent. in 1988 and 22 per cent. in 1994. I wonder which Government negotiated those EU budgets.

Mr. Davidson: May I clarify one point with the Minister? He says that our rebate is going up, but will he confirm that the rebate is a percentage of the difference between what we pay in and what we receive back? If the rebate is rising, the gap between what we pay in and what we receive is also rising. Rather than being enthusiastic about the rebate rising, we should look for it to fall, so that our gap falls, too. Surely that is the case.

Andy Burnham: My hon. Friend is correct that that is how the rebate is calculated. Indeed, the first line of article 4 of the Council decision on own resources says:

"The United Kingdom shall be granted a correction in respect of budgetary imbalances."

Those on the Opposition Benches who claim that the rebate has been lost in the decision simply have not read the own resources decision. My hon. Friend's point about the gap is correct, but that is because there is a disapplication of the rebate on economic and structural spending in the new member states, as I have explained. With those countries having been welcomed into Europe, our judgment is that the right thing to do morally is equip them to compete competitively. If we did not do that, we would be in breach of our responsibilities as a full member of the European Union. That explains the gap to which my hon. Friend has drawn the attention of the House.

Let me put on record more facts about the Bill. Fourthly, in response to the right hon. Member for Wokingham (Mr. Redwood), the UK's contribution is forecast to rise on average by 3 per cent. in real terms from 2007 to 2013. Fifthly, in answer to my hon. Friend's question a moment ago, new member states will receive €158 billion in structural and cohesion funds in this financial perspective—a 250 per cent. increase on the previous financial perspective period. The share of new member states' receipts will rise from 24 per cent. of the total to 56 per cent. in 2013. Lastly, because of the shift in spending from west to east, all wealthier nations will see their net contributions rise, some by more than others. In this financial perspective, French and UK net contributions will be in rough parity, with French and Italian contributions rising twice as fast as ours.

Rob Marris (Wolverhampton, South-West) (Lab): If we cut to the chase, are there not two key questions? One is: is the United Kingdom a member of the European Union or not? It is a club and there is a price to pay for belonging to a club, and I think that the price is well worth paying. The second question, the answer to which ought to be clear on the Labour Benches at least, is: are we in favour of redistribution of wealth? We certainly are on these Benches, particularly with regard to the Government's magnificent record both in international development and within the European Union, with redistribution of wealth from the west to the east, so that ultimately we will all be richer. So I have two questions: are we in or are we out, and are we in favour of redistribution of wealth?

Andy Burnham: I say yes to the first question. My hon. Friend has tempted me to give a non-new Labour answer to the second question, so perhaps a fudge is in order—*[Laughter.]* I am joking, of course. He has made his point incredibly well. Let us cut to the chase, as he suggested. We support making a contribution to help the countries of eastern Europe to prosper. That is the crux of this debate. That is the difference. Let me get to that point.

The Leader of the Opposition said in a speech in March this year:

> "The British Conservative Party has long championed EU enlargement...In recent years, the transition from Soviet totalitarianism took place more smoothly than many imagined possible, thanks to the prospect—now fulfilled—of EU membership for the countries of Central and Eastern Europe. But the work is not yet done."

He is right; the work is far from done. The economies and infrastructure of the new EU member states need considerable investment and support before those states will be able to compete in the market on an equal footing, and that process of regeneration is now just beginning in earnest. The Leader of the Opposition is the self-styled champion of those countries, but what kind of champion does the easy bit, providing the fine words, but then looks shiftily away when asked to back up those words with real financial commitments from the wealthier, established EU nations? The countries of eastern Europe need real champions who are prepared to step up to the plate, not fair-weather friends whose words are worth nothing at all.

Daniel Kawczynski: I feel very cross with the Minister for suggesting that we do not want to help the eastern European countries. My grandfather came to this country from eastern Europe during the war, and we on the Opposition side of the House feel passionately about those countries. Our problem is that we do not expect the United Kingdom to have to stump up all the cash; France, Germany and the others should do so as well. The Minister's comments are outrageous.

Andy Burnham: Perhaps the hon. Gentleman's are, too. How on earth can he justify voting against the Bill tonight, if he says that he favours providing the support to help the economies of eastern Europe? How on earth can he troop through the Lobby to oppose the Bill when all the wealthier nations of Europe have agreed to make contributions to aid the economic development of eastern Europe? As I said to the hon. Member for Falmouth and Camborne (Julia Goldsworthy), Cornwall has benefited from structural funding, as has Merseyside. We have seen their economies improve. Ireland and Spain have benefited from the funding, and their economies have also improved. All our business benefits from those enhanced and improving economies, yet the hon. Gentleman wants to deny those opportunities to the economies of eastern Europe, even though his party claims to support them. That is disgraceful.

Mr. David Heathcoat-Amory (Wells) (Con): The Minister's case seems to be that public expenditure in eastern Europe is bound to be a good thing. Would he, however, put his own money into a company whose accounts had been rejected by the auditors for 13 years? If not, why does he want to increase the sum of public money to be committed over seven years, when the European Union has failed its audit test for the past 13 years?

Andy Burnham: Because I favour the development of the European Union and the peace and prosperity that the European Union has brought. It is delivering unparalleled living standards to its member states, principally the member states of longest standing. That is how I justify the measures. If the right hon. Gentleman had been listening to me, he would know that I said that they would bring much-needed social and economic regeneration to the parts of Europe that most need it. The long-term benefit of those arrangements will come to our economy, because they will increase our trade with those countries and build more prosperity in them. As my hon. Friend the Member for Rhondda (Chris Bryant) said a moment ago, they will also create a level playing field on which British companies can compete with companies in those countries when selling goods into the world market.

Mr. Philip Hammond: Perhaps we can get back to focusing on the Bill. Will the right hon. Gentleman confirm that its purpose is to incorporate the own resources decision into the definition of the European treaties? It is not going to make any difference to the spending budget. It is about how the cost of meeting the budget is divided up between the member states.

Andy Burnham: The hon. Gentleman is being extremely nit-picking. I invite him to read the own resources decision, and to look at the table in it that spells out how the rebate will be retained on all agricultural spending, and on all spending in the EU15. As I have described—it would be good if the hon. Member for Runnymede and Weybridge (Mr. Hammond) read the decision before making his claims—it spells out how the rebate will be disapplied in respect of economic and structural spending in the new member states. That is how it affects the overall budget. Yes, there is an annual EU budget process, but it is informed by the own resources decision, which the hon. Gentleman has clearly not bothered to read.

Mr. Simon: Assuming that these are the same Tories who so recently raised xenophobic mayhem about the number of eastern European migrant workers in the UK, can the Minister explain what he believes is more likely to be the effect of the sort of economic development in eastern Europe that the measure is underwriting on the very ways of these migrant workers who were so recently subject to such disgraceful scaremongering by Conservative Members?

Andy Burnham: My hon. Friend is absolutely right to point to that complete contradiction. As we have seen with previous EU enlargements, there may have been an immediate increase in the number of people using their ability to move around Europe, but in the long term people are more likely to return to their country of origin, particularly if that country is experiencing economic development and prosperity. This is a long game—not a short-term gimmick to be played in the House this afternoon—that will bring benefits over a generation rather than over a few months. My hon. Friend is absolutely correct.

Kelvin Hopkins (Luton, North) (Lab): My right hon. Friend is struggling manfully to cloak his dodgy deal in respectability by constantly focusing on help for eastern Europe. If we were asked for a simple straight fiscal transfer to help eastern European countries, that would be one thing, but the reality is that Chirac attacked our rebate simply because we were threatening the common agricultural policy once again. If we got rid of the CAP, we could all give generously to eastern Europe.

Andy Burnham: My hon. Friend may be in search of perfection, but we work within the existing structures to improve and make steps forward where we can. He will know that as part of this package, a commitment was secured to review the operation of the CAP and we intend fully to engage in that review. Generally, I would remind my hon. Friend that this is a good deal for the reasons that I am outlining. I cannot help it when I am drawn by interventions on other points, but I am firmly making a positive case today.

Mr. Davidson: I am grateful to my right hon. Friend for giving way, which is helpful in allowing us a degree of dialogue. I want to make it clear that I do not believe that he is one of the bad boys, but I do think he is a bit of a rascal in seeking to polarise the debate by suggesting that anyone who has any reservations about any negotiated settlement is necessarily in favour of withdrawing altogether or of giving nothing to eastern Europe. That is most certainly not the position of Labour Members who have reservations. Surely the Minister would accept that we have made virtually no progress in reforming the CAP during this settlement and that although the submission of additional money for eastern Europe is welcome, it does not necessarily go to the right people there. It is almost entirely devoted to channelling the common agricultural policy, which, certainly in this country, helps the undeserving rich rather than the deserving poor—so will the Minister resign?

Andy Burnham: Thanks very much! I know that my hon. Friend is feeling bad because Scotland lost at the weekend, but that is no reason for him to take his nastiness and resentment out on me. This financial perspective does include reform of the CAP. I do not have the precise figures to hand, but it drops reasonably significantly as an overall percentage of the budget and member states are being asked voluntarily to shift spending away from simple direct support into helping improve the sustainability of local rural economies. So, yes, there is reform. If my hon. Friend is asking me whether that is enough, I would have to say no. We want more reform of the common agricultural policy. That is the very clear position of the British Government and we believe that we have secured the means—through the review of the process—to achieve it. It is not perfection. I am not arguing that the EU budget and the recently agreed own resources decision represent perfection. We have made progress and continue to do so, because that benefits us all.

Chris Bryant: Many people may be right to argue for CAP reform, which we would all like to see for moral reasons—not least to do with our trade with Africa and South America. However, does the Chief Secretary accept that we have to recognise that if we did not have the CAP that would probably mean that the French would give money to French farms and the Polish to Polish farms and that the amount of subsidy would increase rather than decrease? That was why Tory Governments always argued that there should be a strong CAP.

Andy Burnham: I suspect that they said that because they knew that that would benefit many constituencies represented by Conservatives—it is not something that we hear from Conservatives very often. My hon. Friend has made an important point.

Mr. David Gauke (South-West Hertfordshire) (Con): The Chief Secretary said that CAP spending will fall as a percentage of the EU budget as a whole, but according to figures produced by Open Europe it will rise slightly. Will he confirm that in real terms the CAP budget will increase by 12 per cent. in total spending from this financing period to the next?

Andy Burnham: Of course, the overall budget is increasing in size. The figures to which I referred a moment ago in answer to my hon. Friend the Member for Glasgow, South-West (Mr. Davidson) were percentages of the overall budget. I was trying to illustrate that the overall percentage of spend from the EU budget on agriculture will decrease in this financial perspective. I do not doubt the figures that the hon. Gentleman mentioned, but comparing the overall percentage gives a better indication of how agriculture spending is being reformed in this financial perspective.

Mr. Baron: The Chief Secretary is being very generous and is encouraging a proper exchange of views. He is being slightly disingenuous in the sense that he is forgetting the fact that the Government's original position was that we would not sacrifice any part of our rebate unless there was reform. He has said that there may be reform, but how can there be reform when the French have publicly stated that they will veto any cuts to any future CAP spending?

Andy Burnham: The rebate exists because of distortions in the way that money is spent around the EU. The rebate will remain as long as that is the case. That is the clear position of the Government. I said to the hon. Member for South-West Hertfordshire (Mr. Gauke) that I did not doubt the figures that he gave, but our figures say that the CAP budget will decrease from £55 billion in 2007 to £51 billion in 2013. The Conservative Front Benchers need to check their figures a bit more before they come rolling into a debate such as this and making all sorts of big claims, as they have been.

Julia Goldsworthy: Does the Chief Secretary agree that there are concerns that pillar two of the CAP is being cut, when more resources should have been switched to it? An opportunity was lost to try to undertake such reform.

Andy Burnham: The hon. Lady makes an important point. The agreement invited member states voluntarily to move spending from pillar one to pillar two. If my memory is correct, the UK has decided to switch about 14 per cent. of overall agricultural spending. That is indicative of our desire to see reform in the way in which support to rural communities is spent. We hope that other countries will do the same. In the long term, it is our aim for all agricultural spending to be migrated in that way.

Mr. MacShane: Conservative Members have suggested that France will veto any reform of the common agricultural policy. However, page 27 of today's economic section of *Le Figaro* states—I shall not read it out in French—that France, the principal beneficiary of the CAP, already knows that it will have to adapt to a lowering of agricultural expenditure in the EU. I could read more from the article. Conservative Members should get up to date.

Andy Burnham: As a simple lad from the north-west, I have never read page 27 of the economics section of *Le Figaro*—perhaps I should. My right hon. Friend makes a good point, which illuminates our proceedings.

Philip Davies: The Chief Secretary said earlier that giving more money to countries in eastern European would benefit British business. Local businesses in West Yorkshire want more money for local infrastructure to help transport. The Government cannot afford to give it. According to them, it is all about spending priorities. Is the right hon. Gentleman genuinely trying to argue that businesses in West Yorkshire will benefit more from building up the infrastructure in eastern Europe than from doing that in West Yorkshire?

Andy Burnham: The hon. Gentleman betrays alarming ignorance of those matters. Businesses in West Yorkshire have benefited over the years from European structural and cohesion funding. I am now looking at details of programmes throughout Yorkshire that support the growth and competitiveness of the region. Why does not he recognise and celebrate that rather than trying at every opportunity to whip up anti-European feeling?

It is in our national interest for our net contribution as a percentage of national income to be roughly equal to that of France and less than that of the Netherlands, Germany and Denmark. That confirms Britain as a middle-ranking net contributor among the wealthier nations. It also fulfils our long-standing commitment to budget discipline. In 1994, a budget of 1.2 per cent. of EU gross national income was agreed. In the current financial perspective, the budget will be less than 1 per cent. of EU GNI, which is nearly 20 per cent. lower. That represents a saving of €160 billion compared with the Commission's original proposal. For the first time, CAP spending will not be the largest item of expenditure in the EU budget. Instead, it will be sustainable growth. The budget is disciplined, with a fair contribution from Britain, which preserves our abatement. The Bill will secure our national interest.

However, there is a bigger picture to consider. It is emphatically in Britain's long-term interest to provide for the fair financing and enlargement of the European Union. We thus bring British business immediate market opportunities and secure Europe's long-term competitiveness. Achieving a fair deal was the challenge that faced the UK presidency in 2005, but we met it. It means that new member states will experience a 250 per cent. increase in structural funding on the previous financing period.

Britain has been a strong supporter of enlargement and we are proud of the part that we played. That enlargement has made a huge contribution to establishing our central and eastern European partners as the free democracies and vibrant economies that they are today. It is right that we should stand by them and that they should not be denied the economic investment that has benefited Britain and other parts of western Europe so much. As I said earlier, it is also firmly in our interest. Allowing our partners in central and eastern Europe to grow and develop strengthens them and strengthens Europe, making us all more secure. A more developed Europe will be better able to meet the common challenges that we face, such as climate change and security. *[Interruption.]* I can hear Conservative Members chuntering. We have heard about attempts by the Leader of the Opposition to form a new political party in the European Parliament—the grandly named Movement for European Reform. It

[Andy Burnham]

sounds good, but the problem is that there is neither much European nor a great deal of movement about it. So far they have recruited the Czech ODS party and, to fanfare earlier this year, the Bulgarian Union of Democratic Forces party. There has, however, been a slight setback. On 14 September, the president of the European People's party, Wilfred Martens, said:

"Six months ago, I said that it is not compatible for a member party of the EPP to join initiatives like this 'movement' and at the same time remain in our party. Today I am glad that the UDF understands and shares our position".

Daniel Kawczynski: On a point of order, Madam Deputy Speaker. The matter commented on by the Chief Secretary—the internal relationships of the Conservative party with its sister parties throughout the European Union—has nothing to do with the EU rebate.

Madam Deputy Speaker: Order. The occupant of the Chair will determine whether a comment is in order.

Andy Burnham: If the hon. Gentleman listens, he will find that my point is far more pertinent than many of the interventions that I have taken in the debate so far.

As I was saying before I was rudely interrupted, the EPP announced the withdrawal from the Movement for European Reform of the Bulgarian UDF. So then there were two. Incidentally, one of them sees no need for a referendum and is in favour of the new EU reform treaty. What does that leave? It leaves the British Conservative party completely isolated in Europe. Is that what British business needs from a party seeking to represent business interests in this country's biggest single market?

I hope that the hon. Member for Runnymede and Weybridge will enlighten us on progress in the establishment of the Movement for European Reform. Can we conclude that nobody wants to join this new Tory club? Might some of the Conservatives' potential new friends have been put off by their weasel words on the financial commitment that they are prepared to make to the enlargement of the European Union? I hope that he will address those points later. One of his MEPs, Caroline Jackson, has said:

"I don't know how David Cameron will deal with the pledge"—

Madam Deputy Speaker: Order. We have heard a sufficient amount on that topic now. Perhaps the right hon. Gentleman will move on.

Andy Burnham: I hope that the hon. Member for Runnymede and Weybridge will enlighten us, as we deserve to be told. He and his colleagues have been left completely isolated in Europe.

We are making this case today because it is in our enlightened self-interest to support enlargement.

Mr. Philip Hammond: The right hon. Gentleman has thrown up lots of smoke over the past few minutes. Let us get back to the main point. He is saying that giving up the rebate is in Britain's interests and is the right thing to do. Why, then, did his previous Prime Minister go off to Brussels with a position that the rebate was non-negotiable?

Andy Burnham: The hon. Gentleman keeps saying that we are giving up the rebate, but he has not listened to a word that I have said this afternoon. The own resources decision outlines in detail the arrangements for the British rebate. Perhaps he will read that again before making a further intervention. I have said to him that the basis on which the rebate is calculated remains the same for the EU15 and is being disapplied in respect of structural and cohesion funding in the new member states. He disagrees with that position. I have simply been making the point, particularly in relation to his and his right hon. and hon. Friends' efforts to woo partners from eastern Europe, that their failure to back our commitment, and to put up real resource to support the commitment to enlargement, means that nobody wants to join this new Movement for European Reform. They are on their own in Europe. All the western European economies have agreed to make this contribution to improve the competitiveness of eastern Europe. The Conservatives are completely isolated.

Mr. Hammond: Does the right hon. Gentleman recall one of his predecessors as Chief Secretary to the Treasury, the right hon. Member for Oxford, East (Mr. Smith), saying about the rebate and enlargement:

"we will benefit from abatement on any new expenditure incurred as a consequence of both enlargement and the ceilings in the existing EU 15... the United Kingdom will benefit very considerably from the application of the abatement to any new expenditure on enlargement."?—[*Official Report*, 3 July 2001; Vol. 371, c. 145.]

Andy Burnham: I cannot make myself any clearer to the hon. Gentleman than I already have. I told him at the beginning that the value of the rebate rises in this financial perspective. I have also told him that Britain receives immediate economic benefits from increased trade with the new member states, and will in time receive even greater economic benefits.

It is possible that people in those new member states listen to these debates. They will note the position taken by the British Conservative party, and they will hear those words about having always championed enlargement. What are they to conclude when the hon. Gentleman and other Conservative Members argue against the funding that will make an enlarged European Union more prosperous, and stand in the way of all the progress that they claim to want?

Mr. Brady: If this is such a good deal for Britain and our eastern European friends, why did the then Chancellor of the Exchequer seek to reopen negotiations when it was brought back by the then Prime Minister? Why did he think it was such a bad deal then?

Andy Burnham: The hon. Gentleman is now raising spurious points. I think I owe it to you, Madam Deputy Speaker, to make some progress.

Overall, the single European market has created an additional 2.75 million jobs across the EU in the 15 years since it was established, and increased gross domestic product by 2.2 per cent. or €225 billion.

Enlargement is strengthening and widening that single market: it is now half a billion consumers strong, and the largest market in the world. That helps our partners to grow, and helps make Europe more prosperous. It is not to our cost, but to our benefit.

Let us look at the facts of earlier enlargements. After the 1986 enlargement, United Kingdom exports to Spain increased by a quarter. After 1995, exports to Sweden rose by a similar amount. The benefits that EU membership can have are demonstrated by the fact that since our closest neighbour, the Republic of Ireland, joined the EU it has received almost €53.5 billion from the EU budget. Between 1993 and 2003, the EU supported more than 120 major infrastructure projects. That has helped Ireland's exports rise from €1.1 billion in 1973 to €88.4 billion by 2005. In 2003, gross national product per capita was more than three times its 1973 level in real terms.

Ireland also demonstrates that the economic development of our partners is good for Britain, a point entirely lost on Conservative Members. It increases trade, and creates new opportunities and new jobs. Between 1998 and 2006 alone, UK exports to Ireland have doubled. Such development has particularly benefited Merseyside, which is one of this country's poorest regions and receives objective 1 funding.

The Conservative party's claim that the Bill secures us nothing in return is self-centred and narrow-minded, but also wrong. As I have said, the Bill will disapply structural and cohesion funding, and in time that spending will benefit Britain. Just as development funding in Ireland helped Britain to increase trade from a buoyant Irish economy, we will gain the long-term benefits of a prosperous eastern Europe.

Already British firms are making the most of the opportunities that the recent accessions have brought. In 2006, UK exports to the A8 countries amounted to £8.8 billion, a 36 per cent. increase in the first full year after accession. Tesco, Unilever, Vodafone, BP and International Power are already investing in our new single-market partners, and UK foreign direct investment in the A8, which averaged just over £860 million in the three years before accession, was more than twice that amount—nearly £2 billion—in 2005, the year after accession. Enlargement is good for those economies, and provides economic opportunities for our largest companies.

Rob Marris: I think that my right hon. Friend is being a little unfair to the Conservative party. After all, widening rather than deepening was John Major's policy, and he was absolutely right in that regard.

I believe that some Conservative Members recognise that the enlargement of the European Union is good for the UK economy. What they do not understand are negotiations. I spent a great deal of my professional life negotiating in business, in the private sector, and I know that if one obtains all that one wants in negotiations with a partner with whom one frequently negotiates, that partner will get back at one next time. The Conservatives do not understand that there is wave upon wave of negotiations in an entity such as the European Union, and that if one pushes too hard for something on one occasion, one will not obtain it on the next. They do not understand the need to play it for the long term.

Andy Burnham: My hon. Friend is absolutely right, and what we have witnessed this afternoon provides ample illustration of the very point he makes. Conservative Members will make knee-jerk statements to please the newspapers and party members in their constituencies. They will come out with such rhetoric because they know it will be good for their personal standing within their local Conservative party when they next return to their constituency for a meeting—they will probably pass around the relevant volume of *Hansard*. What that does not do, however, is show any understanding of proper negotiation in Europe—of how to get a good deal for Britain and be a constructively engaged partner in EU discussions. They have not learned anything from their previous failures in this area.

Mr. Davidson: The Minister is displaying a degree of cruelty that I had not expected. Being nasty to the Conservatives on this matter is too easy; the phrase "fish in a barrel" springs to mind. Does he agree that simply because the Conservatives are bad, it does not necessarily mean that we have to accept everything that the European Union puts in front of us? Does he not agree that this is, in fact, not a particularly good deal for us? *[Interruption.]* Does he not agree that while we are in favour of expanding the EU there is no reason why we should pay for it disproportionately, and that we have effectively been taken to the cleaners and—*[Interruption.]*

Madam Deputy Speaker: Order.

Mr. Davidson: Thank you, Madam Deputy Speaker. There are times when support from the Opposition Benches is not helpful.

Does my right hon. Friend agree that simply because something is good for the EU as a whole, that does not necessarily mean that it is automatically fully good for us? Will he also remind us whether he and his colleagues were in favour of joining the euro, and—

Madam Deputy Speaker: Order. The hon. Member has made his point.

Andy Burnham: Interestingly, on that last point, in fact I was not; I am happy to put that on the record today

I say to my hon. Friend that I am just making a positive case for Europe and for our engagement in it. Opposition Members might think that someone such as me might be defensive on these matters, but that is not the case at all. I have come to the Chamber today to say that the deal was not perfect in every respect but it serves our interests and moves us forward, and it moves the EU forward. I am quite happy and comfortable to be standing at the Dispatch Box making that case.

There are wider economic benefits. Migration from central and eastern Europe is much discussed and I recognise the challenges it poses to some of our communities, but there are indisputable benefits to British business and the British economy. A8 migration contributed about £6 billion a year to the British economy between autumn 2001 and the middle of last year, and those workers from central and eastern

[Andy Burnham]

Europe who have come to Britain taking advantage of the free movement of labour are likely to make a stronger net contribution to public finances. The Bank of England reported last year that overseas workers have played a significant role in boosting the pool of available labour and helping to ease labour shortages. Britain is experiencing direct and immediate benefits in increased trade, extra jobs and the benefits of migration from enlargement—a process that the December 2005 agreement consolidates.

Britain has also benefited, and will continue to do so, from structural and cohesion funding. Between 2000 and 2006, the UK received about €15 billion of those funds, going to projects that benefit constituencies in all parts of the country. That has contributed to the economic development of some of our poorest regions. Merseyside alone has received more than £300 million of European social fund investment, and Cornwall has also received a significant sum—the hon. Member for Falmouth and Camborne mentioned that. UK regions that still need funding will continue to receive it—to answer a point made by the hon. Member for Stone, who has now left his place—but as areas such as Merseyside grow stronger it is right that the focus switches to the poorest EU regions, particularly the new member states.

Before I conclude, may I turn to the budget review and the future of Europe? The figures I have been quoting this afternoon support the case that we need to be even more hard-headed in prioritising funding towards the future challenges that Europe faces collectively, if it is to secure value for money. As well as the benefits I have already outlined, we have secured a frank and honest process of challenge and review of the EU budget to ensure that Europe is helping to equip itself to face the challenges of the future. As the Prime Minister and the Foreign Secretary set out in the recent "Global Europe" pamphlet, the EU has spent too long focused on institutional questions. Europe needs to move on from that debate and focus on the issues that matter to its citizens: competitiveness; jobs; migration; the environment; and security. It needs to meet the challenges of globalisation and play its full part in the wider world, and to do that, its budget needs reform.

Some change has been made, as I said to my hon. Friend the Member for Wolverhampton, South-West (Rob Marris), but he is correct in saying that too much expenditure—40 per cent.—still goes on the common agricultural policy, and more than 50 per cent. of economic investment spending continues to go to the richer member states. Without reform, the EU cannot meet its future challenges and we will not see the global Europe that we need. So it is clearly in Britain's interest—and in Europe's—that the budget is reformed. The fact that the agreement that this Bill implements provides for a review of the budget, including the CAP, is the third reason why the Bill will implement a good agreement for Britain.

As part of the budget review, the Government will work with their partners to make the case for a reorientation of the budget towards areas such as innovation, tackling climate change, international development and migration. That does not mean any lessening of our commitment to budget discipline—far from it—and spending resources effectively will remain at the heart of our approach.

The hon. Member for Shipley (Philip Davies) enticed me earlier into talking about the European Court of Auditors' report, and I told him plainly that much more progress must be made in this area. In addition to the measures that we have championed over recent years, such as the establishment of the European Anti-Fraud Office, former Commissioner Kinnock's work on Commission reform, the shift to activity-based budgeting and accruals accounting, and the Commission's 2006 action plan following the UK presidency's work, we will go further. We have made proposals for increased national parliamentary scrutiny of EU funds through the publication of an annual consolidated statement of EU expenditure, prepared to international accounting standards and audited by the National Audit Office.

Chris Bryant *rose—*

Andy Burnham: I shall give way to my hon. Friend—*[Interruption.]*

Chris Bryant: I am grateful for that round of applause from Conservative Members. Surely the important point about the auditors' figures is that nearly all the problem areas involve member states' expenditure rather than the Commission's. We and the Commission have been trying to argue for some time, although Conservative Members have been opposed, for the Commission to have increased powers to investigate how that money is spent in member states. Is it not incumbent on those who argue against qualified majority voting sometimes to explain what the problems are?

Andy Burnham: My hon. Friend has tempted me on to matters that this House will debate in a few weeks' or a few months' time. He is correct in the substance of what he says. That contradiction is so often at the heart of what the Opposition call for. We have been leading the case for the reform of financial transparency and accountability in Europe, and we will continue to do so. We plan to present our consolidated statement in the spring of next year and, as I have said, it will be audited by the NAO. The European Court of Auditors pointed to such examples as being the way to improve standards of financial transparency across the European Union. I am pleased that we are playing a leading role in making that happen.

Philip Davies *rose—*

Andy Burnham: I shall give way, for the last time before I finish, to the hon. Gentleman.

Philip Davies: I am pleased that the Minister acknowledges that work needs to be done. Does he accept that reform is much more likely to take place if we were to withhold our payments until matters have been sorted out and that it is much less likely to happen if we keep paying more and more money and asking the EU whether it minds doing something about it?

Andy Burnham: My hon. Friend the Member for Wolverhampton, South-West made a good point before. He asked whether or not people should just come clean. The hon. Gentleman has not declared this, but he is a member of the "Better off out" group; I believe that six Tory MPs are involved. All his questions need to be understood in that context. I do not think that I could try your indulgence by quoting him at length, Madam Deputy Speaker, although I did promise a quote from him earlier. It would have gone along the lines of how pleased he was that the Leader of the Opposition was now letting him campaign—he is off the leash—as a Back Bencher to make the case for being out of Europe. Is that correct? Does he remember giving such a quote to the BBC website?

Philip Davies *indicated assent.*

Andy Burnham: He is nodding. If the leader of the Conservative party is allowing Members such as the hon. Gentleman to make the case that we are better off out, is it not time—

Madam Deputy Speaker: Order. The Chief Secretary has made his point, so perhaps we could now proceed with the debate.

Andy Burnham: I shall now proceed to my conclusion, Madam Deputy Speaker—[Hon. Members: "Hooray!"] Well, I have allowed many interventions.

I shall recap the three reasons why hon. Members should give the Bill a Second Reading tonight. First, it secures a rising British rebate within a more disciplined overall budget—fact. Secondly, it serves our national economic interest—more jobs, more exports—by helping the countries of eastern Europe to prosper. Thirdly, it paves the way for a critical look at how we reshape the EU budget to prepare for the big challenge of the future that we face in common with our European partners. The EU has made Europe and Britain more secure and more prosperous. On this side of the House, we are pro-European, but we are not uncritical and we are hard-headed. We are prepared to stand up for Britain's national interest. We do not posture or grandstand. We will get the reform that Europe needs, but it will be within the context of making the case for engagement with the European Union.

This is a good Bill for the British taxpayer, for the British economy and for Britain's future, and I commend it to the House.

Mr. Davidson: On a point of order, Madam Deputy Speaker. Would it be in order for me to move a vote of thanks to the comrade Minister, on the basis that, while still partially deluded, he has been generous in taking interventions?

Madam Deputy Speaker: That is not a point of order for the Chair, although the Chief Secretary certainly was generous in taking interventions.

5.36 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): This is a very small Bill, with one operative clause, although after the Chief Secretary's speech I am grateful that it does not have 30 clauses. That one operative clause contains, however, the single biggest spending commitment in the whole of the Government's legislative programme. It is a £7.4 billion bill, addressed to the British taxpayer, and an hour and six minutes of obfuscation from the Chief Secretary has not changed that.

This is a stealth Bill, sneaked in without a mention in the Queen's Speech and completely ignored in the Prime Minister's speech in the debate that followed. Far from being something of which the Government are proud, it is a Bill that dare not speak its name. The Prime Minister has done with this Bill exactly what he always does with bad news: he has tried to slip it in under the radar in the hope that nobody will notice it.

It is in order to congratulate the Chief Secretary, who made a valiant attempt to defend the completely indefensible. He gave a fair impression of a man who has been living in a complete vacuum since 1999. He stood here and told us that the own resources decision that the Bill will implement is a great victory for Britain, despite the fact that his own Government told us for years—until they gave way in December 2005—that they would fight tooth and nail to avoid that. The Government are not proud of the Bill, and neither should they be. Incidentally, it is interesting to note that the Chancellor is not in his place to support the Chief Secretary.

The agreement that the Bill implements is a bad deal for Britain, and the Chief Secretary knows it. We know it, too, because when the former Prime Minister signed away Britain's rebate, the current Prime Minister briefed every journalist he could find that it was a bad deal, that it was all Tony Blair's doing and that he would never have agreed to it. A Treasury official put it this way at the time:

"We have ended up giving away much more than we expected and with precious little to show for it in return".

A senior aide to the then Chancellor—no prizes for guessing who—told the press that the sell-out would inevitably lead to public spending cuts. No wonder the Government want to get this Bill out of the way at the very beginning of the Session with as little noise as possible. It is an embarrassment and reminds us again of some of this Government's serial failings, such as duplicity, in repeatedly breaking their promises on Europe; incompetence, in failing to obtain anything in return for our money at the negotiating table; and fiscal incontinence, in throwing away yet more hard-earned taxpayers' money for nothing in return.

Chris Bryant: Clearly, the hon. Gentleman does not like this deal, but, as he knows, in negotiating a different one he would have to persuade other countries to sign up to it. Can he name just one other country, or party, in Europe that would support his proposals? Secondly, if there is a Conservative Government, will they renege on the measure if it has already gone through Parliament?

Mr. Hammond: It is not the kind of proposal that I would suggest; it is the kind of proposal that Tony Blair went to Brussels to suggest—that we negotiate a reduction in the British rebate in exchange for sustainable reform of the common agricultural policy, to achieve objectives for this Government and objectives appropriate for the British taxpayer.

Chris Bryant: But what would you do?

Mr. Hammond: I shall address the hon. Gentleman's point later in my speech.

Hugh Bayley (City of York) (Lab): Will the hon. Gentleman give way?

Mr. Hammond: I do not want to fall into the same trap as the Chief Secretary and extend my remarks beyond an hour, so I will give way to the hon. Gentleman in a moment.

The Chief Secretary said that giving away the rebate was the right thing to do. It was all so different back in 1999, when the then Prime Minister said that the rebate was non-negotiable. He maintained that position as late as June 2005, when he reiterated it to the House of Commons in ringing tones:

"The UK rebate will remain and we will not negotiate it away. Period."—[*Official Report*, 8 June 2005; Vol. 434, c. 1234.]

His then Chancellor, now the Prime Minister, took the same view. When asked in an interview whether the rebate was non-negotiable, he replied simply, "Yes".

I remember the then Prime Minister's statement in the Chamber—I was sitting at the end of the Opposition Front Bench—and thinking that the commitment he had made was so clear and unequivocal that even he could not possibly wriggle out of it. I should, of course, have known better. Within two weeks, we had a West-style 180° clarification of those words, when he said that the rebate was

"an anomaly that has to go".

Perhaps we should all have realised that he had been trying to say that in the first place. There was a further "clarification" on 29 June, when, attempting to defend his volte face, he said:

"Of course, if we get rid of the common agricultural policy and we change the reason why the rebate is there, the case for the rebate changes."—[*Official Report*, 29 June 2005; Vol. 435, c. 1293.]

That is not exactly "the rebate will remain and we will not negotiate it", but it is a perfectly respectable negotiating position and one that we made it clear we could support. Radical reform of the CAP in exchange for a corresponding reduction in the British rebate would provide a satisfactory outcome for the UK taxpayer and at the same time move the EU from the disastrous agricultural protectionism that damages consumers and developing economies alike, and which the Prime Minister described as a prerequisite for making poverty history.

Andy Burnham: I realise that I spoke for a long time, but if the hon. Gentleman believes that the deal gives away too much—even though, as I said, Britain as a net contributor will be in rough parity with France and the middle-ranking wealthier nations—will he say how much the Conservative party would be prepared to pay to support economic development in eastern Europe? Anything? Between the amount the Bill implements and nothing? How much exactly would it be?

Mr. Hammond: The right hon. Gentleman completely misses the point of the debate, which is the own resources decision—the contributions of individual member states to the agreed disbursement budget. Nobody suggests that as a result of the Bill the amount disbursed under the EU budget will change, although if we chose not to support the Bill the composition of the contributions would change. I remind the right hon. Gentleman that under this proposal the UK will contribute an additional £19 billion net over the next seven years. If the rebate had not been given away we would still contribute an extra £12 billion over that period. There is, rightly and properly, an increased contribution to pay for the increase in the size of the Union—the price of enlargement.

I shall continue with my narrative, if I may. The Prime Minister went off with his team to Brussels with clear objectives: first, to cap the budget at 1 per cent. of European Union gross national income; secondly, to shift the focus of EU spending from agriculture, with the ultimate objective of scrapping the common agricultural policy; and, thirdly, to keep the British rebate unless and until that reform was complete. So how did they do? They failed on every single one. The budget that this lot signed up to added more than £25 billion of extra spending. The Prime Minister claimed after the event that that reflected the cost of enlargement, but without reform, Ireland, whose per capita GDP is 30 per cent. higher than the EU average, is getting more per head than Lithuania, Slovakia or Poland. France will remain the EU's biggest recipient and the UK the lowest net recipient per capita.

Hugh Bayley: The hon. Gentleman feels that the Government did not drive a hard enough bargain, but let us talk real politics, not fantasy politics. What tactics does his party have that he believes would have achieved agreements from some other EU member states that were not achieved by this Government? I and my party have talked to colleagues from our sister parties in—I am talking personally now—Spain, France, Germany and Greece to explain why we want changes to the common agricultural policy and other things. What sister parties could the hon. Gentleman speak to? Why does he think that the Conservative party could drive a better bargain than our Labour Government?

Mr. Hammond: If the hon. Gentleman listens, he will find that the burden of my argument is that this Government have failed in their principal duty to protect the interests of the British taxpayer, not as defined by me or by my right hon. and hon. Friends, but as defined by the former Prime Minister and by the current Prime Minister in the December 2005 negotiation.

Hugh Bayley: What would the hon. Gentleman's party—

Madam Deputy Speaker: Order. Is the hon. Member for Runnymede and Weybridge (Mr. Hammond) accepting a second intervention?

Mr. Hammond *indicated assent.*

Hugh Bayley: What would the hon. Gentleman's party advocate to achieve a better agreement?

Hon. Members: Veto.

Mr. Hammond: The hon. Gentleman has heard my hon. Friends' answer. The decision required unanimity so there was no need to concede the point without substantive reform of the common agricultural policy, which the then Prime Minister promised the House he would deliver.

Mr. Davidson: Will the hon. Gentleman give way?

Mr. Hammond: I shall in a moment.

Far from scrapping the common agricultural policy, the Government agreed to an increase in its budget in every year to the 2013 horizon. In fact, it emerged later that, despite the rhetoric, the UK Government did not table specific proposals for reform of the common agricultural policy during the negotiations. What they did achieve was a review, which, surreally, will be conducted during the French presidency of the Union, so I advise my right hon. and hon. Friends not to hold their breath. We can only speculate on the hilarity that will have been occasioned on the Quai d'Orsay by this display of British negotiating prowess.

The UK team came back with no 1 per cent. cap on the budget and no reform, let alone scrapping, of the CAP. In accordance with the Prime Minister's formula, that meant no surrender of the British rebate, right? I am afraid that that was wrong. They returned not only empty-handed but with a pledge to send more bounty, in the form of a £7.4 billion reduction over the years 2008 to 2013 in the rebate that would have been payable to the United Kingdom were the own resources decision not to be implemented in UK legislation.

Mr. Quentin Davies: Will the hon. Gentleman give way?

Mr. Hammond: I shall in a moment.

It was a truly humiliating defeat, for which British taxpayers will have to pay, not only in the next six years but ever after, because the new, lower rebate is now the basis of future budget negotiation.

Mr. Davidson *rose—*

Mr. Davies *rose—*

Mr. Hammond: I give way to the hon. Member for Glasgow, South-West (Mr. Davidson).

Mr. Davidson: Does the hon. Gentleman agree that it is entirely inappropriate and unilluminating for Government Members to try to disguise the fact that we got a bad deal simply by attacking the Tories for having no policies and being completely useless?

Mr. Hammond: I have to congratulate the hon. Gentleman on his elegant question. If I were in the Chief Secretary's position, I would do what he has done today: throw up lots of smoke and hope that everybody goes to sleep by the end of the debate.

Mr. Davies: Talking of throwing up smoke, has the hon. Gentleman not noticed the two most salient aspects of the agreement? One is that the weighting of agriculture in the EU budget—that is to say, the proportion of agriculture to total spending—is falling, and the other is that the French contribution's rate of increase is higher than ours.

Mr. Hammond: I hesitate to be cruel to the hon. Gentleman, but I say to him what the Chief Secretary said to me earlier: read the papers before you come into the Chamber. The agreement has nothing to do with agricultural spend. It has to do with the own resources decision—the contribution made by individual members. That is what the Bill will implement.

Mr. Davies: The hon. Gentleman criticises me for not doing my homework, but that is far from the case. Does he accept that the two matters are obviously linked? It is extremely important that we consider both sides of the bargain. He is continuing to evade the point. He does not want to recognise an enormously important achievement—that the weighting of agriculture in total EU spending has been reduced as part of the package. Why does he not recognise the facts when they happen to be in favour of the Government rather than of his own party?

Mr. Hammond: The hon. Gentleman refers to the link or otherwise between the spending decision and the own resources decision. I shall come to that point in a moment.

To return to the result from Brussels, the limit on the cost to the UK of the reduced rebate will end in 2013. Failure to reach agreement on a budget for the period after 2013 would have a devastating effect on the UK contribution, because the rebate reduction would become uncapped. We would have no effective veto, and thus no negotiating power, during negotiations on the EU budget for the period from 2013—and our partners in Europe would know it.

There is one further twist to the tale. The Prime Minister, when he was Chancellor of the Exchequer, put it about that he was against the deal. When it was announced, the Treasury pointedly refused to endorse it and denied all responsibility, because it was worried that the deal would force future spending cuts. According to the Treasury briefing, the current Prime Minister was "quietly fuming". What did he do? This April, it became known that having failed to claw back some of the rebate through negotiation, he too had caved in and agreed to accept the original deal—the deal that he had previously condemned. So much for his powers of persuasion on the international stage.

That is the sorry tale behind the Bill, although, of course, that could never be discerned from reading it. We, the Parliament of the United Kingdom, whose responsibility is to our electorate and our UK taxpayers, are invited to give the Bill a Second Reading, thus giving effect to what was done—in our name, but in complete contradiction of everything promised to us in this House—at Brussels in December 2005. If we do so, by 2010 the UK taxpayer will be footing the bill for an extra £1.9 billion a year—a sum roughly equivalent, fittingly enough, to the total Foreign Office budget—as a result of the sell-out on the rebate. That is in addition to the increase in the UK contribution to the underlying budget—£1.5 billion a year on average for the period 2007 to 2013—to deal with the cost of enlargement. Taking into account the loss of the UK rebate, which will increase our share of total EU costs, and the

[Mr. Philip Hammond]

growth in the budget during that period, the UK's net contribution will more than double, from £2.8 billion a year on average under the previous financial perspective to an estimated £7.3 billion in 2013.

Mr. Baron: May I tempt my hon. Friend to speculate about why we caved in on the rebate? Given that it was non-negotiable and that there has been no meaningful reform of the common agricultural policy, does he think that there is a connection between our sudden cave-in and the recent statement by the French that they thought Tony Blair would make an excellent President of the EU?

Mr. Hammond: That is an extraordinarily interesting piece of speculation better made from the Back Benches than from the Dispatch Box. I leave my right hon. and hon. Friends to draw their own conclusions.

The choice before the House when the Question is put this evening will be whether to endorse or reject the sell-out of the British rebate. It is not about the overall EU budget or the financing of enlargement, which the Government have tried to spin; it is about the division of the total budget cost into individual contributions. It is about whether we are prepared to throw away the hard-won victory of 1984.

Andy Burnham: The hon. Gentleman keeps making that point, but he is completely confused. The 2007 to 2013 budget and the own resources decision that determines how that budget will be financed are inseparable; they are part of a package. If he reads the own resources decision, he will see that it sets out a schedule for how the payments will be calculated and indeed how the British rebate is to be calculated. How on earth can he continue to make the point that the two things are not part of the same issue?

Mr. Hammond: The calculation of the amended rebate is a purely mechanical process to give effect to the political decision made in Brussels. If the Chief Secretary looks at his own Bill and the decision that it implements—he looks terribly perplexed—he will see quite clearly that the decision deals with the calculation of own resources, not the overall financial perspective and the total budget.

The question that we must decide tonight is whether we are prepared to throw away the hard-won victory of 1984, which recognised the budget system's unfairness to Britain and enshrined the rebate that we are now being asked to sacrifice—the rebate, I remind the Chief Secretary, that the former Prime Minister said could not be negotiated unless and until the CAP was scrapped or radically reformed.

Andy Burnham: The hon. Gentleman is straightforwardly wrong. I have the own resources decision here. Clearly, he has not read it, but article 4 sets out the precise terms by which the UK rebate will be calculated between 2007 and 2013. That is the framework by which the EU budget will be determined in the next financial perspective. *[Interruption.]* It is part of the package. The two things sit together.

Mr. Hammond: I advise the Chief Secretary to stop digging. He is right that the own resources decision sets out the mechanism by which the British rebate adjustment will be calculated—of course it does—but it does not set out the EU budget, which is what he has been spouting on about for most of the debate.

Let me come to the critical point. If we decline to give the Bill a Second Reading, what will happen? Will the roof fall in? Will the sun not rise in the east tomorrow morning? Nothing will happen. Life—even life in the EU—will go on exactly as before. The existing own resources decision will continue in force, indefinitely if necessary. The total expenditure budget will not be affected. The only difference will be that member states' contributions will continue to be assessed on the same basis as they were last year and the year before. The UK will remain the EU's second largest net contributor, but we will have £7.4 billion more to spend on British priorities; perhaps we could use it to reverse some of the Government's most recent round of stealth taxes or reduce the £143 billion that the Chancellor plans to borrow in the next five years.

Julia Goldsworthy: Is the hon. Gentleman saying that he would be happy for the UK to be a net recipient, benefiting from additional contributions from eastern Europe?

Mr. Hammond: No. As I said to the Chief Secretary, the UK's net contribution will rightly increase substantially, without the change proposed in the Bill, to finance enlargement. The Chief Secretary is trying to have his cake and eat it. He wants to give away our rebate on top of that increase, which we will pay anyway as the EU budget increases.

Andy Burnham: It is right that our contribution will increase to pay for EU enlargement in eastern Europe. Our contribution is calculated by taking away the value of expenditure and the rebate from the overall gross contribution. The hon. Gentleman misunderstands the situation. If he agrees that it is right that our contribution should increase, the net contribution should be calculated by reference to the rebate itself.

Mr. Hammond: I know that the Treasury operates only a static model. The Chief Secretary would be right if everything else were static, but the budget is increasing. If the Bill is passed tonight, as he knows, our contribution will increase by an element that reflects the surrendered rebate and by another element that reflects the underlying increase in our contribution to the EU budget. If we do not give away the rebate, the UK contribution to the EU budget will still increase.

I know that I am damning the Chief Secretary with faint praise, but even he could make a better fist of spending £7.4 billion of British taxpayers' money than the EU. Last week, the European Court of Auditors refused to sign off the EU accounts for the 13th year in a row. The accounts are riddled with material errors and irregularities—for example, the irregularity that receipts are still not collected for MEPs' expenses, and the material error by which money earmarked for agriculture is spent on golf clubs. That is to say nothing of the £3.8 billion a year that the EU spends on propaganda—public relations staff, pamphlets, teaching aids, school trips and cartoons. There is the originally named "Captain Euro", whose mission is apparently to uphold the EU's values—perhaps he could find time to fight fraud and waste as a sideline.

At a time when many priority areas of public spending are under intense pressure in the UK, how can this Government contemplate giving away £7.4 billion of British taxpayers' money in exchange for absolutely nothing? That money would pay for 45,000 nurses, 37,000 teachers, 42,000 prison places or, if the Chief Secretary prefers this currency, 1.2 million hip replacements. It would also pay for much-needed equipment for our front-line troops in Afghanistan and Iraq.

We are used to this Government's casual attitude to public money: £5.7 billion was wasted on tax credit overpayments; £3 billion was spent on nine NHS reorganisations in nine years; and £141 million was wasted on an abandoned Department for Work and Pensions IT programme. We are used to tough rhetoric on Europe followed by craven surrender, and we are used to broken promises: there were broken promises on the referendum; a promise has now been broken on the rebate; and no doubt promises will be broken on the red lines. The Bill is so objectionable, because it embodies all those failures of government in one measure.

We were promised that the rebate would be non-negotiable, yet it was surrendered without a fight. The Government talked tough about how they would force the scrapping or at least the radical reform of the CAP, but the CAP will remain untouched. At a time when our public services are feeling the squeeze, when our troops in the front line are short of equipment and when our schools are falling down the world league table, this Government propose casually to chuck away £7.4 billion of our money. By giving away our rebate, which has been worth £54 billion since it was negotiated in 1984, without securing anything in return, this Government have manifestly failed in their paramount duty to protect Britain's interests.

We have a chance to salvage the situation. By rejecting this Bill tonight, Parliament has the opportunity to rectify the damage caused by the incompetence and duplicity of this Labour Government, to stand up for the interests of Britain and British taxpayers against an Executive who have broken their promises and betrayed the people's trust, and to send a clear message that Britain's hard-won rebate is not for giving away. I urge hon. Members to seize the chance this evening to send the Government back to the negotiating table in 2008, in parallel with the promised budget review, and to enter into a good-faith discussion about the rebate, the budget and the future of the CAP on the clear basis that all three are linked and that there will be no change to the British rebate formula unless there is long-term, sustainable reform of the CAP. This is our last chance. If the Bill is passed, Britain's rebate, and with it the principal lever to secure sustainable reform of the CAP, will be gone. I urge hon. Members to deny the Bill a Second Reading and to keep the cause of EU reform alive.

6.5 pm

Mr. Denis MacShane (Rotherham) (Lab): EU finance is horrendously complicated, and I wish the Chief Secretary and the hon. Member for Runnymede and Weybridge (Mr. Hammond), who spoke with considerable passion and eloquence, luck as they grapple with that problem.

EU finance is to the 21st century what the Schleswig-Holstein question was to the 19th century. As a historian, Mr. Deputy Speaker, you will remember the Schleswig-Holstein question. Lord Palmerston said, "Only three people in the country understand the Schleswig-Holstein question. One is dead; one went mad; and I'm trying to forget."

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. If there are only three and I am one of them, I hope that the right hon. Gentleman will clarify the situation.

Mr. MacShane: I was referring to your knowledge of parliamentary history, Mr. Deputy Speaker, and not to your expertise on the frontier regions between Denmark and Germany.

Kelvin Hopkins: Will my right hon. Friend give way?

Mr. MacShane: The Chief Secretary was extraordinarily generous in giving way, and as a result his speech lasted for well over an hour, which was not his fault because most of the time was taken up by interventions. The shadow Chief Secretary was also generous in giving way. I want to make my points—but I will give way to my hon. Friend.

Kelvin Hopkins: My right hon. Friend began his speech by correctly stating that the system of European finance is complex. I agree with him, and have suggested on many occasions that we should replace it with a simple system of fiscal transfers from rich nations to poor nations and get rid of all the complication in between. Is that not a good idea?

Mr. MacShane: I will come on to that point, because part of this debate is about a transfer from a very rich nation—our own—to some very poor nations. I am disappointed by the mean-minded approach that we have heard from Opposition Members so far on that matter.

We need to go back into parliamentary history, although not as far as Lord Palmerston. When Baroness Thatcher brought back the rebate in 1984, one MP asked:

"Does she agree that, compared with the target that she set four and a half years ago, yesterday's settlement is a humiliating failure for Britain, in which the only flag that she raised for Britain was not the Union Jack but the white flag of surrender? If that is not so, will she confirm that despite all the sabre-rattling about rebates, Britain's net contributions in the past five years of Tory Government have been £100 million per year higher in real terms than they were under the Labour Government?"—[*Official Report*, 27 June 1984; Vol. 62, c. 1005.]

That was my right hon. Friend the Member for Blackburn (Mr. Straw), now the Secretary of State for Justice, who is a distinguished friend of all Labour Members and a stunningly successful Minister.

The then Prime Minister was also taken on by the then leader of the Labour party, who is now Lord Kinnock. In the same debate, he said:

"the right hon. Lady agreed to a 40 per cent. increase in VAT contributions to the Common Market. Will she confirm that the Government's public expenditure plans make no provision for that addition beginning from 1986? Therefore, where will that extra 40 per cent. come from?"—[*Official Report*, 27 June 1984; Vol. 62, c. 995.]

[Mr. MacShane]

I think that Conservative Front Benchers will do me the courtesy of saying that there is a little similarity between the points that they have made and the points made in that debate 23 years ago

Mr. Jim Cunningham (Coventry, South) (Lab): My right hon. Friend mentioned Baroness Thatcher; it is worth mentioning that during that period she was going to sort out the common agricultural policy, but got bought off by the rebate. That is what actually happened.

Mr. MacShane: At the time of Mrs. Thatcher's premiership, spending on the CAP was significantly higher—about 80 per cent. higher—than it is today. It has come down consistently in real and percentage terms, and it is still going down. One can put nominal figures on that: it has gone up from—whatever you like—€40 billion to €43 billion, but that has to be seen in the context of the share of member states' GDP that goes towards EU financing as a whole. Does the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) want to intervene?

Daniel Kawczynski *indicated dissent.*

Mr. MacShane: He will come in later, I am sure.

During the debate that I mentioned, senior members of my party—its leader and one of its brightest young stars—were roaring with Europhobic and mathematically illiterate nonsense at the good deal that the then Prime Minister had brought back. Later in the debate, she was challenged about why she was not spending the money on British priorities—a point that was also made today by the shadow Chief Secretary to the Treasury. Lady Thatcher said, "Are you saying that we should not help the poor people of Portugal?" She stood there and told the Labour party to be generous to poor countries in Europe. In effect, she agreed to a significant increase in the overall budget—to 1.4 per cent. of European GDP, an increase of about 40 per cent. The EU budget is now lower as a share of European GDP. Again, I salute Margaret Thatcher; there are things in Europe that can be done better collectively than through the mechanisms of 27 national states. She was right then, and this Government are right now. I invite Conservative Members and Front Benchers to become a little more Thatcherite; it will not do them any damage at all.

The hon. Member for Shipley (Philip Davies) has left his place; he wants us to quit the European Union, and some other hon. Members are joining him. The hon. Member for Stone (Mr. Cash) has quit his place, probably to prepare for the longer debates that will take place when the ratification treaty comes back to this House. We are left with the cream and core of the intelligent Conservative party, who understand the figures, and I am sure will make wise contributions.

So far, we have seen from its Members' interventions the Conservative party that we know and love: right-wing, reactionary, righteous, rabid and utterly contemptuous of the notion that Britain should lend any help to countries and people to whom we owe a debt of honour—and not only that. Playing his usual surrogate accountant's role, the Chief Secretary went on and on about how much money we make from Poland and other such countries. That is true, by the way, but Britain is achieving a nobler ambition through this Bill and its proposals on EU financing—to discharge a debt of honour, which we owe particularly to Poland.

The hon. Member for Shrewsbury and Atcham and I share a concern and a family connection with Poland; he is welcome to make an intervention later. In the past century or so, British history has not been generous vis-à-vis Poland. Tory appeasement betrayed Poland to the Russians and the Nazis in 1939, and at Yalta Churchill allowed the division of Europe, and allowed the communists to take control of Poland. In the 1970s a Labour Government even objected to the raising in Gunnersbury of a memorial statue to the victims of the NKVD executions in Katyn in 1940.

As a Government, we have discharged some of that debt by leading the encouragement to Poland to join the EU. To give it credit, in 2004 the Conservative party did not join the rabid tabloid press and its campaign to stop Poles from coming to work here. There were some remarks, but the party did not vote against the Bill in question. I think that the hon. Member for Shrewsbury and Atcham was the shadow spokesman on Europe at the time; we worked together on the issues.

When I was Minister for Europe, something upset me considerably as I went round the eastern European countries and spoke to people. I was asked why they—the people of Poland, Hungary and the Czech Republic—were signing cheques, for €50 million or €74 million, directly to Her Majesty's Treasury to pay for the British rebate. I could talk about France and the common agricultural policy, but it was not cutting much mustard; such countries were signing cheques to HMT as part of the rebate.

That is how the rebate works; it is not an aggregate sum of money, some of which we do not pay, although that is what people think; it is paid directly by national Governments. I did not have an answer for those countries. After the stunning success of Labour Governments who, after the disastrous economic policies of the preceding Government, have seen national wealth more than double in the past 10 years, how could we, one of the richest nations—not only in Europe, but in the world—say to eastern European Governments, "Your poor people have to pay money to our rich nation"?

Daniel Kawczynski: I agree that Britain has helped Poland and other eastern European countries tremendously. The right hon. Gentleman mentioned Margaret Thatcher. In 1990 she was instrumental, in the Paris club of lending nations, in getting rid of Poland's debts. However, the way to help countries such as Poland in future is through increased trade and helping British companies trade liberally with Poland, not constantly giving it handouts, as the Bill purports to do.

Mr. MacShane: I do not want to make this a Polish-Polish debate, but I ask the hon. Gentleman to reflect a little on what he has said. In 1982, the communist secret police in Poland put me in prison for taking money to the underground Solidarity union. The following year, Britain imposed swingeing visa controls against allowing Poles to come into the United Kingdom. The year after that, Mrs. Thatcher was

talking about that faded communist hack Gorbachev as a man with whom she could do business. I accept that once the Poles had won their freedom, Mrs. Thatcher came round to accepting that that was a good thing. However, I wish that she had been a bit stronger in her support when I was in prison, and when the Poles needed to come to this country a bit more easily.

Thanks to the joint work of the Labour and Conservative parties in facing down the anti-eastern-European tabloid press, Poles have been able to come here. However, the tabloids are once again screaming against the eastern European ladies and gentlemen working here.

Yes, I accept that Britain will now pay a bit more. I have no problem with that, because we have had a good deal from the rebate in the past 24 years. Despite what the shadow Chief Secretary said, we are not, in per capita terms, the largest or second largest contributor to the EU budget. Page 32 of the very good Library report shows that we paid 68 euros per head last year. The Netherlands pays four times as much, at 241 euros per head; Denmark pays twice as much at 127 euros per head; Sweden pays 124 euros per head, while Germany pays 100 euros per head. France and Austria pay 50 and 40 euros per head respectively. Those countries, too, are pretty fed up with the assumption that Britain does not have to pay its fair share.

Mr. Cash: I should like to take this opportunity with regard to a point—not exactly an allegation—that I made earlier. I am grateful to the right hon. Member for Rotherham (Mr. MacShane) for correcting himself to a certain extent just now. He specifically mentioned France, which brought me to my feet earlier. Per head, we pay considerably more than France and Italy, but that is without prejudice to the fact that I had said that we contributed much more than we do. I wanted to correct that for the record.

Mr. MacShane: The Francophobia that always infects these debates is jolly good fun, but there are 25 other member states apart from France and the United Kingdom, in the European Union, and the figures vary. I fully accept that there are grotesque anomalies such as Luxembourg. I am getting into some gruesome detail which I would not want to inflict on the House, but the plain fact is that the Netherlands—our trusty old Protestant ally for 300 years—pays four times, pro rata, what we pay. Why on earth should the Dutch always have to pay part of the British bill? That is how they will see it—ditto the Swedes and the Germans. The Germans have spent 4 per cent. of their gross domestic product, year on year, on East Germany following unification. That is twice to two and a half times what the United States put into western Europe under the Marshall plan. The Germans, with a much bigger problem to solve than we have ever had to face—the incorporation of a bankrupt third-world country, the German Democratic Republic, into the western German Federal Republic—have made huge personal sacrifices as a nation, yet still pay proportionately far more, 35 per cent. more, on last year's figures, than we do. The figures against us are much worse, in terms of Germany, the Netherlands and some of the Nordic countries, during the recent past.

If we get into arguments that simply state that whatever happens we must pay less than everybody else, the European Union might as well pack up shop. I fully accept the shadow Chief Secretary's point about the common agricultural policy. I do not deny that for one second. The figure is coming down as a share. Let me read more—I might even be tempted to do it in French this time—from today's *Le Figaro*, which says in the course of a long article: "France now accepts that there will have to be a reduction in European Union agricultural expenditure. The debate among the 27 member states will start under the French presidency in the second half of next year. That is when the next pluriannual budget, 2013-2020, will be adopted." I would love the Conservatives to address this issue, as well as my own Government, because we are not good enough at explaining to partners with sufficient force and vigour that the way in which the European Union budget is constructed is not necessarily the best way for Europeans.

The biggest defenders of the CAP are not the French but the Irish. Ireland—an English-speaking country with a centre-right conservative party, Fianna Fáil, in power—is passionate in defending the CAP. I would invite the Conservatives to talk to Fianna Fáil; I cannot do it, because it is not in the same political family as the Labour party. I would even ask my right hon. and hon. Friends on the Front Bench to create a special EU CAP reform persuasion budget that could be given to the Conservatives, so that they could go to talk to all the ruling centre-right parties in Germany, Poland, the Nordic countries, Netherlands, and France—but, as we know, the Conservatives want to effect a total rupture with the EU's other centre-right ruling parties. The UK is extremely badly served by a neo-isolationist attitude whereby they will not go and network politically for the common goals that most people in Britain, across parties, would support.

Kelvin Hopkins: My right hon. Friend has made several references to Ireland. If I were Irish, I would be very enthusiastic about the CAP and the structural fund policies, because the Irish are massive net beneficiaries from the budget. At its peak, it went as high as 5 per cent. of GDP, which in British terms would be £60 billion. A net inward transfer of funds from the EU totalling £60 billion might make us rather more enthusiastic.

Mr. MacShane: I am terribly sorry, but page 34 of the Library report shows that in 2006 Ireland received €475 million of structural fund expenditure, while Britain received €3,021 million. *[Interruption.]* My hon. Friend is right in per head terms; I cannot disagree with that. However, I am making a different point: if we want Ireland, France, Germany and other countries to change, we must engage with them. Believe it or not, this debate is not being listened to right now by the good people of Ireland as they settle down to their boiled ham and cabbage and a good pint of Guinness.

Kelvin Hopkins: I return to my previous point. If the system of contributions and receipts from the EU was proportionate to the relative degree of prosperity in the different nations, everyone would be happy.

Mr. MacShane: My hon. Friend is talking through his hat. Ireland was so poor when it joined in 1973 that the amount of net transfers from the UK economy would have been absolutely enormous. The idea that each country goes round with a begging hat saying, "I'm poor, please give me some money", simply will not work. I respect my hon. Friend—although he does not like the EU and the way it works, he has always taken a consistent, cheerful and friendly position on it—but we have to work with what we have, and if we want to change it, we have to engage, network and discuss. That is what the Conservatives completely and resolutely refuse to do.

Daniel Kawczynski: The right hon. Gentleman has been talking about Ireland. I must tell him—we get on quite well with one another, so I hope that he will take this on board—that the Irish Government have just spent £300 million of taxpayers' money on propping up the Irish dairy industry. I am chairman of the all-party group on dairy farmers. How can our dairy farmers in the west of England and Wales compete when the Irish are so flagrantly contravening the spirit of the common agricultural policy?

Mr. MacShane: I wonder whether that is a wise intervention on the afternoon when we have learned how much money we are giving to Northern Rock. If the Irish subsidy, subvention or support is against EU state aid provisions, let it be taken to the European Court of Justice. To be fair, my right hon. Friend the Chancellor of the Exchequer made it clear that any aid that the British Government choose to give to protect the 1.5 million borrowers and savers in Northern Rock must be within EU rules.

Hon. Members have spoken as if Britain were a net contributor to the EU in all areas and we got nothing back in return. In fact, last year's structural fund expenditure figures show that the UK gets a third more than France, 20 per cent. more than Belgium and nearly twice as much as the Netherlands. We get more than Slovenia, one of the accession member states, and—the hon. Member for Shrewsbury and Atcham might want to listen to this point—only €1 per head less than Poland. The world's fourth largest economy gets from the EU only €1 per head less in structural funds than Poland, which, despite its enormous economic progress, is still a not very rich EU country.

I want reform of the CAP. What we are debating was, in effect, set in stone in 2002 with the agreement between the then French President, Jacques Chirac, and the then German Chancellor, Gerhard Schröder, to maintain CAP expenditure at a fixed amount, not as a percentage amount. That was in the context of the Iraq conflict and, frankly, a deep worsening of relations and divisions within the EU. If we want to achieve desired British goals of getting some reduction as regards the CAP, we will have to look at linking up, making networks, making the argument and going out to persuade people. These decisions are not taken in some closed caballing session in Brussels. They are taken by parliamentarians like ourselves in Paris, Dublin, Germany and Rome, and we need to talk and network far more with them ahead of decisions being taken.

We might also decide that the common agricultural policy could focus its attention on the poorer farmers in Britain—the hill farmers, the sheep farmers and those with a very small income—and increase the support that goes to rural development. But what did I read yesterday in *The Observer*? It was suggested that the richest recipients of CAP aid, such as the Duke of Marlborough and all the Tory-supporting ex-aristocracy, are receiving hundreds of thousands of euros. The British Government, who like a duke when they see one, will try to defend outrageous payments to the richest cereal and agro-industrial companies in Europe, as well as to some very rich individuals in our country. We have to consider motes and beams before we lecture other countries on those issues.

My hon. Friend the Member for Luton, North (Kelvin Hopkins) mentioned Ireland, which has become very rich since it joined the EU. I welcome that. I went on holiday to Ireland as a small boy, and it was a very poor country then. I saw cattle driven through the streets of rather big towns. In the 1950s, almost every second Irish male had to emigrate to find a job.

Mr. Cash: I would like to draw to the right hon. Gentleman's attention an extremely interesting book by Roy Foster called "Luck and the Irish". I heard Roy Foster on "Today" or the Andrew Marr programme the other day, explaining that although there is no doubt that the EU contributed to the manner in which the Irish have become far more wealthy, which I greatly enthuse about, it was to do with the American money that was invested and the cutting of tax rates.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Independence: that's the word.

Mr. MacShane: I do not know whether the hon. Gentleman really thinks that the Ireland of the 1920s, 30s and 40s, or even the 1950s, was a rich and successful country. The kind of ultra-nationalistic independence that he believes in usually bankrupts and impoverishes a country very quickly.

Mr. MacNeil: Will the right hon. Gentleman give way?

Mr. MacShane: I was in Edinburgh on Saturday, and I wept. I did not drink Italian coffee or eat spaghetti for a whole 24 hours. However, the Scots must have their point.

Mr. MacNeil: I am grateful to the right hon. Gentleman, who has such a fine Scottish surname, or perhaps it is Irish. Does he think that Ireland would be as successful today if it were not independent?

Mr. MacShane: Ireland is successful today because it plays a full role in the European Union. Were Scotland to quit the Union, I would be interested to see the price it would have to pay to enter the EU, because it would be a tricky renegotiation. However, we are veering way off the subject.

What counts is that the Irish used the moneys that they got from the EU better than almost any other country. They were combined with enormous investment in education and a sensible taxation policy—a point that I concede to the hon. Member for Stone. None the less, are we saying that after 1973, Britain should not, to

a lesser degree than Germany or the Netherlands, have made significant fiscal transfers that have allowed Ireland as a nation during the past 33 years to become richer and happier than it ever was when it was an independent state before it joined the EU, or when under English control? I do not think so. It must have been in our interests to do so. It is why Ireland today is a country of immigration, not emigration. Immigration brings its own problems, as we know, but it is far better to be a country that is so successful it needs to attract workers to do jobs that nationals are not prepared to do.

That ought to be our ambition for the rest of Europe. Many hon. Members will remember travelling to Spain, southern Italy or even bits of France not so long ago and being able to see rural and social poverty. It was quaint, and it was nice for the British ex-pats who could buy houses and drinks that did not cost very much, but now it is far better that Italians and Spaniards can, in contrast to their position in the 1950s and 1960s, stay in their own countries, and that those countries are rich enough to attract people to work in them. That is my ambition for Poland and the Baltic states. In order to achieve that ambition, some generosity on our part, and some lessening of the assumption that it is only the Germans, Dutch and Swedes that should pay, would be welcome.

We can see the success that membership of the European Union brings to all countries. I have explained why it makes us all more wealthy, and I hope that the figures are not in question.

Mr. MacNeil: Will the right hon. Gentleman give way?

Mr. MacShane: No, I will not, if the hon. Gentleman does not mind.

In 1960, about 14.6 per cent. of GDP was in exports to what are now EU member states. That figure is now closer to 60 per cent. Britain's wealth has doubled in the past 10 years, principally on account of our membership of the EU.

Mr. Austin Mitchell (Great Grimsby) (Lab) *rose—*

Mr. MacNeil *rose—*

Mr. MacShane: I love my hon. Friend the Member for Great Grimsby (Mr. Mitchell), but he has not been in his place since the beginning of the debate, and neither has the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil), so I shall not give way. I will do so to those who have been here since the start of the debate.

As well as making us more wealthy, it transpires that membership of the EU makes us more healthy. A new book that has just become available in the Library, in the new arrivals section, contains a marvellous statistic showing that between 1965 and 2004, the life expectancy of the British male increased by 13 years. In the United States over the same period it increased by only eight years; in France, it increased by 10 years and in Norway by just seven years. Membership of the European Union is allowing us to live longer; I would have thought that all hon. Members would welcome that.

This modest Bill will allow financing of the European Union that has been negotiated, agreed and signed, and on which our word has been pledged. The shadow Chief Secretary to the Treasury is quite right to say that we can veto it and reject it, but he would have a hard time explaining to the Poles, Hungarians, Czechs and other eastern Europeans who are the principal beneficiaries why we should continue the current practice, which will come to an end once the Bill becomes law, of their sending large cheques to Her Majesty's Treasury. It is not worthy or honourable. The Conservative party is not anti-Polish or anti-European, but it seems to be absolutely locked into a philosophy of rejecting anything that helps the EU to grow.

This time last week, the shadow Foreign Secretary, the right hon. Member for Richmond, Yorks (Mr. Hague), made endless appeals in a fine and effective speech for more European Union action. He said that EU Foreign Ministers had wasted opportunities and that they ought to do more on Iraq. I agree with him. On Burma, he says that the EU should tighten

"targeted sanctions against the military regime".—[*Official Report*, 12 November 2007; Vol. 467, c. 419.]

I cannot disagree with him. He also said that EU Ministers need to show collective strength over Zimbabwe. I agree with him, but if he wants those desired goals to be achieved, there is a problem. It is not possible to demand more action from partners in Europe—I might add the case of Afghanistan or one or two other places—at the Dispatch Box while allowing members of one's party to campaign openly for withdrawal from the EU, or while writing articles and making the bulk of one's speeches utterly contemptuous of our partners. When the Leader of the Opposition talks about one-legged Lithuanians, the Opposition have a problem. When members of the Public Accounts Committee say, "We're going to have to get tough—these guys coming in to talk to us are foreigners", we see the subconscious xenophobia deep at the heart of the Conservative party.

Mr. Charles Walker (Broxbourne) (Con): You are a disgraceful man.

Mr. MacShane: Does the hon. Gentleman wish to intervene?

Mr. Deputy Speaker: Order. The right hon. Gentleman really must bring his remarks closer to what he himself admits is a modest Bill. I have allowed him a fair degree of tolerance, but I think that he has been somewhat extravagant in dealing with a modest measure.

Mr. MacShane: Any rebuke from you is always well merited, Mr. Deputy Speaker. I just think that we should help one-legged Lithuanians, and the Bill will do that. If Conservative Members find it difficult to understand just how offensive some of their anti-European bile is, that is a problem for them.

To conclude, the Bill gives a legal mechanism to discharge a debt of honour to many friends in eastern Europe. We shall not be paying as much per capita as some other countries. France and to a lesser extent Italy will significantly increase their contributions under the new regime. Were this debate taking place in the French National Assembly, many deputies would be arguing that the Brits were again getting off scot-free and that the French were paying a massive

[Mr. MacShane]

increase in the bills for Europe—*[Interruption.]* The hon. Member for Na h-Eileanan an Iar, speaking for the Scots nats, seems again to be joining up with the rabid anti-Europeans slightly to his right, in arguing—*[Interruption.]* The hon. Member for Broxbourne (Mr. Walker) keeps making remarks from a sedentary position. He is entitled to do that, but if he wants—

Mr. Walker *rose—*

Mr. MacShane: Oh good!

Mr. Walker: Does the right hon. Gentleman not recognise that it is this type of speech that gives debates about Europe such a bad name? He has spoken for 37 minutes, two minutes of which has been worth listening to and 35 minutes of which has been utter drivel. Please can he spare us any more of this torture?

Mr. MacShane: After 13 years I am torturing a Conservative MP. There we are—happiness is mine. When the hon. Gentleman has been here a bit longer, he will realise how utterly focused, short, relevant and to the point my speech has been.

It is time to return to the debate of 1984, when Margaret Thatcher brought back a similar deal and was bitterly attacked by the then Opposition, who were gripped by a paranoid Euroscepticism of bile and hostility to the notion of being generous to poorer nations in Europe, and stayed in opposition for another 13 years. I commend to the House the Opposition's opposition to the Bill.

6.43 pm

Julia Goldsworthy (Falmouth and Camborne) (LD): It is a great pleasure to follow the right hon. Member for Rotherham (Mr. MacShane). He said that we would all live longer thanks to the European Union. It was a great pleasure to spend some of those extra minutes listening to him. I am sure that they did not feel wasted.

The right hon. Gentleman made two important points, somewhere in his speech. One was that we should remember that it is not as if we do not get anything back at all in this country. I come from a part of—*[Interruption.]*

Mr. Philip Hammond: On a point of order, Mr. Deputy Speaker. I am sorry to interrupt the proceedings, but is it in order for Back-Bench Members to speak to civil servants in the Box during the debate?

Mr. Deputy Speaker: Only Ministers or Parliamentary Private Secretaries should approach the Box.

Julia Goldsworthy: As I was saying, the right hon. Gentleman made two important points. The first was that we should remember that we get something back from the European Union and that it is not just the new member states that benefit from matters such as structural funds. Some of the poorest parts of Europe are in this country, such as Cornwall, where GDP per head of population is still less than 75 per cent. of the European average. It is right that some of those resources should be directed towards helping to boost growth in the economy there.

Kelvin Hopkins: I sympathise entirely with the hon. Lady's concern about poor regions in Britain, including Cornwall, but would that not be better addressed by a vigorous and generously funded national system of regional assistance?

Julia Goldsworthy: It would be fantastic if that were the case, but unfortunately it was a hard fight even to get Cornwall recognised as a distinctive economic region in its own right, something that neither the Conservatives nor the current Government were prepared to countenance. Only through the work of the then MEP Robin Teverson, now Lord Teverson, was the area identified as an economic entity in its own right.

The second point that the right hon. Gentleman made was about the need for reform of the common agricultural policy and about how we should make the most of our opportunities. However, as I shall explain, we had an opportunity but we passed up on it.

We on the Liberal Democrat Benches are not going to engage in anti-European rants. We have always been clear that we take a constructive, pro-European approach, which we do not intend to change. We welcome the fact that the EU has brought a period of unparalleled peace and prosperity to Europe, and that there has been successful integration with new member states. However, that does not mean that there is no need for a proper public debate about the future of Britain's relationship with the European Union.

Over our 35 years as a member state we have seen the EU widen its membership and share sovereignty, from Mrs. Thatcher's Single European Act to a succession of treaties agreed by both Conservative and Labour Governments. The EU has changed beyond recognition since 1973, which means that the need for a renewed debate has never been greater. Since 1997 Labour has given away powers, but has refused to make the positive case for Europe and engage in a proper debate about the direction of the EU. The Conservatives, who promoted closer integration without referendums while in government, now indulge in populism of the worst kind, calling for a referendum to mask their own divisions. So let us have that proper debate.

That debate could be achieved by a referendum on Britain's membership of the EU. That was raised on the Liberal Democrat Benches during the debate on the Loyal Address, and I was proud to walk through the Lobby supporting our amendment, which would have delivered that. I was disappointed that the Conservatives chose to oppose such a proposal, or are they afraid that too many Conservative Members would vote to withdraw from the EU altogether? Instead, the Conservatives will use the debate on the treaty as a proxy for that debate, despite the fact that it has much narrower terms. I am sure that those opposed to EU membership altogether will take the opportunity to air their views then, but much of the treaty is in fact about the practicalities of dealing with an enlarged EU, such as whether we need 27 Commissioners.

We need to see the Bill in the context of that wider debate about a constructive approach. Although the Bill is short, it gives effect to the new own resources decision made by the European Council on 7 June 2007. The Bill sets out the new financial framework for the EU for 2007 to 2013, the basis of which was agreed under the UK presidency in Brussels, in December

2005. We on the Liberal Democrat Benches believe that the EU is good for the UK. We support measures to enable smooth running of the expansion of EU membership, and we believe that it would be wrong to defend an arrangement under which we were recipients of funding from eastern Europe. Those measures were part of the negotiations for a new financial framework—a part that we wholeheartedly supported, because we wish to support the poorer parts of the European Union, which means those in the UK as well as in the new accession states.

The key point is that the negotiating objective was to trade the rebate against fundamental change. The question we must ask is: could the Government have done more in trying to achieve that fundamental negotiating objective? The Minister has not conceded today that the end result was a bad deal for the UK. It was a bad deal because the former Prime Minister totally failed us in the negotiating process during his six-month presidency of the EU. He seemed to think that any deal was better than none at all. The result is a bad deal, caused by the Government failing to identify, let alone secure, their objectives. That result is more the legacy of the former Prime Minister than the vision of the current one, which is probably why he chose not to raise it in the Queen's Speech.

The former Prime Minister, Tony Blair, liked talking about grand ambition and using radical rhetoric about reforming the EU, but when he had his golden opportunity he failed to deliver. He totally mishandled the negotiating process before it had even started. He spent most of 2005 saying that the rebate was non-negotiable. Clearly, however, it was negotiable, and was actually being negotiated at the time he was saying that it was not. The hon. Member for Wolverhampton, South-West (Rob Marris) spoke earlier about negotiating skills; perhaps he should have shared some of his expertise with the then Prime Minister, who completely failed in that regard.

Such a position resulted not only in the Government looking foolish. It also meant that they could not open up terms of compromise from anyone else. Perhaps it would have been better to say, "Okay, we'll put our rebate on the table if you're prepared to talk about the serious reform of the common agricultural policy." But they did not, so they had absolutely no hope of delivering reform of that kind. The best that they could do was to cave in on the rebate, while giving the pathetic excuse that it related only to the expansion elements, and not to those linked to the CAP.

This was the area of greatest opportunity, and of greatest failure. Too much was given up in return for too little reform. There was an opportunity for a long-term strategy to be put in place, but the former Prime Minister bottled it. Instead of a long-term sustainable solution to CAP reform being found, the issue was effectively kicked into touch, with a full review of EU spending and resources by the Commission scheduled to report in 2008-09. In other words, it will become someone else's problem.

Today's debate has highlighted the fact that the urgent need for CAP reform has still not been addressed. We have seen significant reform, but we need to go further. It was good to see the reforms in 2003. Despite the problems that the Government have had with the administration of the single farm payment, it is less bureaucratic than its predecessor systems, and it is no longer awarded on the basis of production. However, there is still a need to go further, to increase trading opportunities for developing countries while safeguarding the changing rural economy. The Government should have been more ambitious in what they believed they could achieve.

The Treasury set out its vision, to "stimulate and inform debate", on 2 December—about the same time as the meeting in Brussels took place. This gave an indication of where it believed the EU needed to be in 10 to15 years' time. Operating on that time scale, the Brussels Council should have been crucial to taking the first steps, yet that opportunity was missed. The Treasury document highlighted many of the issues that need to be tackled and, yes, tariffs remain one of the key obstacles to further and more fundamental reform. The Government's position in 2002, in failing to secure a renegotiation of the CAP, not only undermined their position at the summit in Brussels in 2005, but also impacted on the subsequent World Trade Organisation negotiations.

Instead of kicking the issue into the long grass with the review, the Government should have looked much more closely at potential co-financing arrangements and at splitting the responsibility 50-50 between the EU and the national Governments. This would have had a much greater impact on the rebate than the measure that we are debating here today and the sums of money that we are talking about.

The Chief Secretary to the Treasury talked about the way in which resources had been allocated across from pillar one to pillar two of the common agricultural policy. Those are the kinds of issues that really should have been pushed at the Brussels Council. Such an approach at Brussels would have helped to bring decision-making powers—and with them, decisions over resources—back from Brussels to a more local level within the UK. That would have put money back into rural communities, using public money for the delivery of public goods. It would have encouraged food to be produced and sold locally to high animal welfare and environmental standards, which would have cut food miles and ensured sustainability. Fundamentally, it would have made a real difference, but the opportunity to get those changes moving was wasted.

Mr. Brady: I am delighted that the hon. Lady agrees with us that the Bill seeks to implement a bad deal. Will she make it clear that the Liberal Democrats will be joining us in voting against it?

Julia Goldsworthy: The Conservatives will be joining us in opposing the Bill's Second Reading today. We oppose the Bill not because we object to the principle of what could have been achieved, but because it is being expressed as such a wonderful achievement by the Government. They have not admitted to the failures involved in their negotiation of the deal in December 2005.

People's concerns revolve around what things cost, and whether they think that they are getting value for money. The Bill deals with the overall cost, and not the effectiveness of the spending. I wonder whether it would be useful to draw those two matters together. Other Members have mentioned the problems with

[Julia Goldsworthy]

the European Union audit process. When the draft documents were debated earlier last year, the Government made it clear that it was important to have tougher audit constraints in place. We support them in their intent—*[Interruption.]*

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. Lady. I do not know whether she is being disturbed by her colleague behind her, but I certainly am. Sedentary comments are generally not helping the debate.

Julia Goldsworthy: Thank you very much, Mr. Deputy Speaker.

I was saying that other Members have mentioned the problems with the European Union audit process, and Ministers made it clear, when the draft documents were debated earlier last year, that tougher audit trails and constraints needed to be in place. We support them in their intent, but that will mean national Governments, as well as the EU, taking on responsibilities. Perhaps it will mean taking more responsibility down to national level, as some of the problems are caused by centralising too much of the detail at EU level. This issue was highlighted in the past week or so, when we learned that the EU auditors had refused to sign off the EU's financial accounts for the 13th year in a row. One of the issues identified by the report was poor knowledge of complex rules.

The applications for structural funding in my constituency involved an incredibly complicated process, but the layers of complication often came not from Europe but from the regional body administering the structural funds. One of the most frustrating things was the fact that the goalposts were moved during the application process. The example that always springs to mind relates to industrial buildings and work spaces, for which funds were available. Because there were a lot of applications going in, however, the Government office for the south-west decided to raise the environmental standards required. That was great, but unfortunately there was no one available to assess those standards.

We can see from that example how these complications can arise. The fact that the Department for Work and Pensions has failed to have its accounts signed off for the past 13 or 14—or is it 17?—years shows us that it is not just the European Union that has difficulty in dealing with these issues. The Government must sort themselves out as well as demanding improvement in Europe. Clearly, there are lessons to be learned at national and Europe-wide level. If we can do that, we shall achieve greater clarity and help to inspire confidence.

The Government should concede where they failed in this set of negotiations. They should admit that it would have been better to have had no agreement under Blair's presidency, rather than an agreement that was nothing but a bad deal for the UK. If, like us, they want the European project to succeed, aspects of the Union must be fundamentally reformed. They should accept that the greatest failure in this whole process was not on the part of the EU, but on the part of our then Prime Minister in giving up part of the rebate without securing fundamental CAP reform. Achieving that reform would have been a legacy to be proud of, but it is one that this Government have failed to achieve.

6.57 pm

Kelvin Hopkins (Luton, North) (Lab): I am pleased to be able to speak in a European debate, and in particular to speak on the Bill that will give effect to the deal signed up to by our previous Prime Minister last December. That deal will cost Britain billions in future years and, as has already been pointed out, will bring very little to Britain in return, at least in material terms. The deal was described by *The Economist* as a very poor one for Britain. *The Economist* is hardly the kind of Eurosceptic, leftist magazine that I would support, but it said that no deal would have been better than that deal. I certainly agree with that.

The previous Prime Minister negotiated—if that is a fair description—the deal at the last minute, at the end of Britain's presidency of the EU. It was also done in a rather spontaneous and arbitrary manner that apparently shocked and astonished other politicians, who felt that they would at least have had to refer back to their Cabinets and Governments before making such a dramatic decision. The fact that our then Chancellor of the Exchequer was not with the previous Prime Minister at the time might have made it rather easier for him to do that deal. Perhaps he knew that he was soon to leave office, and that it would be left to his successor to pick up the tab. That is precisely what has happened, and one suspects that, behind the scenes, our new Prime Minister is, unsurprisingly, not happy about the deal.

Daniel Kawczynski: At the time, it was greatly publicised on television that the then Prime Minister, Mr. Blair, was in constant telephone contact with the current Prime Minister and that he ran everything by him. My understanding is that the current Prime Minister was very much aware of what we were signing ourselves up to at the time.

Kelvin Hopkins: I sincerely hope that they were speaking on the telephone, but it may be that they did not have the degree of harmony that one would hope for in taking such a big decision. Perhaps some of this friction between the former and the present Prime Minister that has been talked about in recent days was in evidence. I have never believed those stories myself, but perhaps there is some substance to them after all.

The Government and my right hon. Friend the Chief Secretary have constantly emphasised the importance of giving assistance to the newer member states, which are distinctly poorer than ourselves. That is a noble and respectable objective. However, the debate was really about the common agricultural policy and its genesis was the suggestion by us that the CAP should be reformed and the budget for it reduced. President Chirac was already smarting from his defeat in the referendum on the constitution; he was extremely angry and looking for someone to lash out at. He saw Britain attacking his CAP and there was also the issue of our budget rebate, so it was President Chirac who forced the debate about our rebate on to the agenda.

At that point, we should have responded robustly and said "no deal"—at least until the cost of the CAP was substantially reduced. In my view, of course, we should entirely abolish it. I have said many times here and in Committee that the CAP should simply be abolished and agricultural support returned to member

states. Member states are best able to judge what their own agricultural industries require and what subsidies, if any, are required. Under that system, they would also be democratically accountable. The subsidies would have to be accounted for in a direct way at elections, which is absolutely right.

Indeed, I would go further. Much has been made of structural cohesion funding, but here again it is an inefficient way of subsidising or trying to help the poorer regions. It would be much better for member states to decide what subsidies were appropriate for their regions and to pay for them out of their own budgets rather than have to go through the circuitous budgetary processes of the EU. Money is lost in inefficiencies—no doubt in fraud and corruption as well—and there is frictional wastage in distributing aid in that way. I am sure that I am not alone in being slightly annoyed when I spot notices around my constituency and elsewhere that are funded by the EU—indicated by the yellow stars on the blue background. That is effectively our money being used, yet it is claimed that it is European money. If we were a poorer nation and we were receiving a net contribution, that would be fine, but we are actually net contributors and only some—certainly not all—of that money is redirected back to Britain.

As a socialist, I am strongly in favour of redistribution from those who can afford it to those who are in need. If we did that in a sensible, fair and non-corrupt way, it would represent a sensible way forward—but we do not do that through the structures of the EU. I have said before and I will keep on saying that a system of simple fiscal transfers from the richer to the poorer nations of Europe would be a much more efficient and much fairer way of doing things. The relevant member states could then decide how to allocate those extra funds to their own peoples, and be democratically accountable to them in doing so. We should repatriate agricultural policy and leave regional and structural funding to member states, not have it allocated through the EU.

Various estimates have been made of the cost of the EU to Britain. This Bill will cost us an extra £7 billion by 2013—

Mr. Colin Breed (South-East Cornwall) (LD): Cheaper than Northern Rock.

Kelvin Hopkins: Certainly in terms of borrowing it is, but that was a debate for earlier today.

Other costs are associated with the CAP, such as higher food prices and market distortions. It is estimated by the OECD that that costs Britain £15 billion a year, so the CAP is not just a matter of subsidies to the budget, but a real further cost in higher food prices as well. The CAP should be abolished, not reformed. Reform can mean many things to many people, but it usually means not very much to anyone. The reality is that reform has been gradual—a bit here, a bit there—and sometimes it is two steps backwards rather than two steps forwards. The reform programme has not been a great success.

We should have used the lever when the budget was being negotiated. We should have refused to agree until serious progress was made towards the eventual abolition of the CAP. We could have argued for that on the basis that what was saved could be used directly to help the poorer nations of Europe that are struggling to advance the living standards of their peoples. That would be far preferable.

A number of estimates of the cost of EU membership have been made. There is a Swiss view—Switzerland is outside the EU—set out in a Europe 2006 report. It states that full EU membership would cost the country 1 per cent. of the Swiss national income. Well, 1 per cent. of national income in one year may not seem very much, but if it is compounded over many years or decades, it becomes a very large sum of money indeed. It has been estimated elsewhere that the cost of the European budgetary and economic arrangements to Britain is about 0.5 per cent. of our gross domestic product. Again, that may not sound much in one year, but if we compute it over 40 or 50 years, it becomes a very substantial sum. Many of us have argued that how the EU is constituted at the moment does not actually benefit the peoples of Europe economically, so we would do better to have different economic arrangements—not to break up the EU entirely, but to have different economic arrangements within it, with each member state deciding what is most appropriate for its own economy.

Mr. MacNeil: The hon. Gentleman is making a thoughtful argument about the need to abolish the CAP. Does he have similar views about the common fisheries policy?

Kelvin Hopkins: Indeed. The hon. Gentleman is right to mention that. There may not be a lot of fishing in Luton, North, but we eat fish. I have seen an estimate that if something is not done, all the fish will be fished out of the seas by about 2020, which would be a tragedy for the whole world, as we cannot replace fish stocks. We have to guard fish stocks and I believe that member states would be best at guarding their own fish stocks when they knew that their futures depended on them. When fishing is going on in other people's fishing waters, far less concern will be expressed than when it is a matter of protecting one's own waters. Giving each member state responsibility for its own fish stocks in its own fishing waters would be a sensible way of protecting fish stocks for everyone.

I am afraid that I cannot support this Bill tonight. It would be dishonest for me to go through the Aye Lobby on this particular Bill. However, I would like to support what the Foreign Secretary said the other day. He argued that we should not promote the development of Europe as a superstate, but that Europe should be an association of independent and democratic nations. I agree absolutely and I have made that point very strongly in the past. What we are seeing is a constant drift towards that superstate and at some point we have to start saying no. We could start to say no by abolishing the CAP and restoring some of the functions carried out by the EU to member states. We could then work together on a co-operative, fraternal and sororal association of states to everyone's benefit. That would not only benefit everyone's living standards in Europe, but would improve our relations with our neighbours as well. We would not have so many arguments with our French neighbours—I must say that I love France very much

[Kelvin Hopkins]

and go there every year for my holidays—if the CAP did not exist. I suggest that we should take a much tougher line next time. Sadly, I cannot support the Bill tonight.

7.9 pm

Mr. Graham Brady (Altrincham and Sale, West) (Con): I realised, slightly to my surprise, that I had been missing EU debates over the past few months, so I could not resist the opportunity to participate in the first of what will probably be three opportunities to discuss EU-related business in the next few months. It has been a pleasure to listen to at least some of the contributions, perhaps most especially that of the hon. Member for Luton, North (Kelvin Hopkins). I frequently come to the same conclusions as he does: for instance, his conclusions on repatriating agriculture and regional policy are eminently sensible. I usually come to those conclusions for opposite reasons; none the less I strongly commend the courage that he showed by making it clear that he will vote with his conscience this evening, rather than being cowed into going along with the party line.

Kelvin Hopkins: I should have said that when we talk about such issues, it is a matter of not left or right, but democracy. We might agree on that.

Mr. Brady: The hon. Gentleman makes his point well, as ever.

We are debating a small, defined Bill that will implement an agreement that was made in December 2005. The House last had an opportunity to debate the deal on 8 May 2006. It does little credit to the way in which we deal with EU business in the House and in this country that the Bill simply gives legal force to an arrangement that has been in effect since 1 January. Now, 11 months later, the House has the chance to debate a Bill that will implement the deal that was made by the former Prime Minister, Mr. Blair, nearly two years ago.

The Bill and the deal that it will implement are bad measures, but they are also bad because of what they say about the state of the EU and of Britain's ability to negotiate a better arrangement and a better deal within the EU. The Bill is bad not least because this is a time of tightening public finances, when the Treasury and the Government face more difficult decisions about funding and public services in this country. The situation could become considerably more difficult in the year ahead, and even worse in the year after that.

The Bill represents a change in our financing commitments to the EU that, according to the excellent Library note produced for the debate, will contribute to a net increase in the UK's contribution of £2.3 billion every year. That is a cause of considerable concern. The Chief Secretary seemed to try to justify it on the grounds that although it might cost us more, that was okay because it would also cost France more. I am not sure that that explanation would cut much ice with my constituents or with his.

The Chief Secretary went on to say that the rebate had not been cut, but rather that parts of it had been disapplied—as far as I can see, that amounts to the same thing. The rebate applies to fewer aspects of EU funding than it used to. Even though the absolute amount of the rebate may rise in line with our rising contribution—that point was made earlier—we will effectively see a cut in the scope of the rebate, which will contribute to an overall substantial increase in the net contribution from this country to an unreformed EU.

A number of Members have already well made the point that the Prime Minister at the time, Mr. Blair, went to Brussels with an absolute commitment that he would achieve radical reform of the CAP and that only in those circumstances would it be acceptable to negotiate away part of our rebate. Instead, he returned with nothing.

My good friend the right hon. Member for Rotherham (Mr. MacShane), a former Europe Minister, is no longer in the Chamber. One of the pleasures of participating in European business—although you are looking a little sceptical, Mr. Deputy Speaker, if I may say so—

Mr. Deputy Speaker: Order. All the speeches I hear in this House are a pleasure.

Mr. Brady: I shall try not to end that state of affairs.

It is a pleasure that we tend to attract the same cast list to participate in such debates and we occasionally see the spectres of former Ministers for Europe. Only one such former Minister has made a speech so far this evening, but, as a former shadow Minister for Europe, I might be falling into the same habit.

The right hon. Member for Rotherham seemed to suggest that CAP reform would require endless negotiations. He talked about networks and even suggested that the Government should create a new fund to pay the Conservative party to lobby in Europe in favour of CAP reform. I do not support state funding of political parties, so I would find that rather difficult to justify, but I can see that his logic is such that after the woeful inability of the Labour Government to negotiate CAP reform, he is even prepared to accept the job being subcontracted to the Opposition instead.

David Wright (Telford) (Lab): You have no one to talk to in Europe.

Mr. Brady: The right hon. Member for Rotherham talked a great deal, but he missed out one key possibility that was available to Mr. Blair two years ago: to use the strongest card that we had, which was won by Lady Thatcher in 1984—the British rebate. As my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) said in his opening speech, we always made it clear that we would support sensible measures to negotiate the reduction and CAP reform balanced against a reform of the British rebate. Instead, we got a hopelessly one-sided deal.

So, what is the upside to the deal that was secured and the arrangements that we are considering? Mr. Blair certainly failed to secure the prize of his key objective of CAP reform. Not only did he give up billions of pounds of British taxpayers' money but, more shamefully, he gave up a key bargaining point. He was wholly culpable for the fact that we conceded that crucial part of the British rebate while getting nothing in return. We should not readily forgive or forget that.

It should not be a surprise to right hon. and hon. Members of any party that the deal is so unpopular, but that could easily have been missed. The Chief Secretary is an affable, likeable man. It would have been easy to draw the conclusion from the tone and demeanour of his lengthy opening speech—I accept he was generous in giving way—that the Government were presenting a great triumph. One might expect Her Majesty's Opposition to be most dismayed by the sacrifice of such an important part of the British budget rebate and cross about the Government's failure in Brussels in 2005, but I was delighted that the hon. Member for Falmouth and Camborne (Julia Goldsworthy) confirmed that her party would vote against the Bill. The Liberal Democrats are the most Europhile and federalist party in the House of Commons—

Mr. Walker: The smallest as well.

Mr. Brady: And the smallest—*[Interruption.]* They are not quite the smallest; we should give credit to one or two others who are in the Chamber.

When we debated the matter in May 2006, the hon. Member for Twickenham (Dr. Cable), who led for the Liberal Democrats, made his position clear. He said that the deal was bad and that it had come about because the Government had failed to secure their negotiating objectives. I am therefore delighted that the hon. Member for Falmouth and Camborne maintains that position, under the leadership of the hon. Member for Twickenham. Given that he has given such a strong lead on the matter, perhaps the Liberal Democrats should consider keeping him.

Mr. MacNeil: Does the hon. Gentleman agree that, for a United Kingdom that faces a £39.6 billion deficit in the next six years in the public sector borrowing requirement, to give up the rebate—or at least part of it—is puzzling?

Mr. Brady: It is puzzling at the very least—incomprehensible is how most of our constituents would view it.

The deal that Mr. Blair made is therefore unpopular with Conservatives, Liberal Democrats, and, it has just been confirmed, Scottish nationalists.

Daniel Kawczynski: And a few good Labour men.

Mr. Brady: Indeed—and a few good men and true on the Labour Benches.

As my hon. Friend the Member for Runnymede and Weybridge reminded us, not only Opposition parties were unhappy with the deal. The then Chancellor of the Exchequer, now Prime Minister, was reported to be quietly fuming. There was considerable press comment, clearly stimulated by Treasury briefings. Several newspapers reported that "Mr. Brown was unhappy" that the deal would cost the UK an extra £1 billion a year and that he had not taken part in final negotiations. Attempts were clearly made to distance the then Chancellor from the deal that Mr. Blair had made. Unattributed briefings on 18 December 2005 stated that Mr. Blair had "freelanced" to strike a deal on Friday night and early Saturday morning, without speaking directly to his Chancellor. It was also reported that the disclosures threatened to open up a fresh and damaging rift between the two men and that, under the deal that followed 17 hours of intensive talks, Mr. Blair promised to surrender a further £1.7 billion of the rebate first secured by Margaret Thatcher in 1984. My maths is not that good, but I believe that that is £100 million given up for every hour of the negotiations.

The then Prime Minister, who had set himself such a clear target and easily identified goal, suffered a remarkable defeat in the negotiations. There was further criticism that the way in which the deal was structured would lead to costs being "back-loaded". It was suggested that a time bomb had been left for the new Prime Minister who would take office in the next year or two. It was reported that the costs would gradually rise from zero in 2008-09 to £1.9 billion a year by 2013.

This Second Reading debate and the Bill, however short, are allegories of everything that brings the House's dealings with EU business into disrepute. We are being asked to approve another £2.3 billion a year after, not before, the event. We all know that the deal was bad. Conservatives, Liberal Democrats and even the Prime Minister, when he was Chancellor, opposed it. As the right hon. Member for Rotherham told *The Daily Telegraph* shortly before the deal was made:

> "Even out and out pro-Europeans like me could not accept a one-sided deal that only removes the rebate. That would be very difficult to get through."

Mr. MacNeil: Where is he?

Mr. Brady: The right hon. Gentleman is not here at the moment, but we will watch carefully to ascertain whether he makes it difficult to get the deal through by joining us in voting against the Bill. The Government are indeed trying to force through a one-sided deal under which they have given up the rebate and achieved nothing in return.

Today, the Chief Secretary assured us that the Government believe that the deal is good, and suggested that it has the Prime Minister's support. That is why they will try to force it through. The debate is welcome because it is an opportunity for all hon. Members to nail their colours to the mast. On the one side are our constituents' interests, and our need to defend their hard-earned money and to stand up for the important case for reforming the CAP to reduce food prices in the UK and remedy the damage that it does in the developing world. On the other side is the Labour Government's need to maintain face. Even though the previous Prime Minister was responsible for the failed negotiations, we are being asked to believe that the current Prime Minister now supports something to which he clearly objected violently at the time.

Today is the first of several opportunities to debate EU matters in the coming months—in some ways, it is the most fundamental opportunity. Only if the UK is prepared to use its negotiating hand, stand firm and, even at the risk of unpopularity from time to time, stand up for the national interest will we achieve the right deal for Britain and the right reforms in the EU. The Government, in presenting the deal and introducing the Bill, not only surrender £2.3 billion of British taxpayers' money but give up our strongest hand in EU budget negotiations in future.

7.26 pm

Mr. Quentin Davies (Grantham and Stamford) (Lab): I rarely agreed with the hon. Member for Altrincham and Sale, West (Mr. Brady) when I sat on the same Benches as he. Judging by his speech, it is no more likely that I shall agree with him in future, on the subject of our debate. However, he is an honest and able man. He is always courteous in debate and in private discussion. It is therefore a pleasure to follow him in the debate. Doubtless we shall both take part in other debates on the subject in future—in the near future if we are so lucky as to catch your eye, Mr. Deputy Speaker.

Let me say at the outset that I believe that the settlement is superb and I am unambiguously delighted that we have secured it. I shall vote for the Bill with enthusiasm. Indeed, it would be unedifying—to use a stronger word, obscene—if we enforced against much poorer countries in eastern Europe the rebate that we secured in the 1980s under Margaret Thatcher against countries that were much richer than us at the time, such as France, Germany, the Benelux countries and the Nordic members of the Union. It would be taking money from someone who was much poorer.

The hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) sincerely regards himself as a great advocate for Poland—a country for which, although I do not have his family connections, I have always had the greatest admiration, for a host of reasons, and I am delighted to have so many young Poles in my constituency doing such a good job and being such good citizens. I find it extraordinary that the hon. Gentleman, given that he honourably and naturally takes that position, should say that we should enforce against Poland the mechanism that we secured to defend our interests when we were much poorer than the average member of the Community, as it was then called. I hope that he will reconsider the matter, although I do not know whether he will do that in time to change his vote tonight.

Daniel Kawczynski: The hon. Gentleman knows that this is only the start. Further waves of relatively poor countries will enter the EU. Is he claiming that he is prepared for Britain to have even less money in future, when those other waves of poor countries join the EU from the Balkans and beyond? The Foreign Secretary made a speech this week in which he said that he looked forward to an EU of which countries from north Africa and the middle east were also members.

Mr. Davies: I did not listen to that speech, but I do not think for a moment that the Foreign Secretary suggested that north African countries should join the European Union. He was taking about a free trade agreement, which is a different matter, and something that we already have with a number of countries outside the European Union. The hon. Gentleman has got that speech wrong; perhaps he would like to look at the record again and get it right.

As for further enlargement, the only country for which that is more or less established is Croatia, a small country that will create minimal and insignificant strains on the budget. Beyond that, Serbia and Moldova are possibilities. There is great scepticism about going much further than that. That is a different point, however, and you will correct me, Mr. Deputy Speaker, if I get dragged down into discussion of the natural limits of enlargement.

When I left the Conservative party, I said that it had become irretrievably cynical and opportunistic, and this evening's debate has shown how true that judgment was. There are only two possibilities: either the Conservative party is engaged in deliberate obfuscation or it is extremely confused. Its policies on the European Union generally, and enlargement specifically, completely lack coherence. It says that it is in favour of enlargement, but it is not prepared to pay for it.

Mr. Redwood: At the next election the hon. Gentleman might wish to fight a seat representing people in a much poorer part of the country than he currently represents—for example, a seat in the inner cities. How much extra tax should such people have to contribute to pay to Poland?

Mr. Davies: The hon. Gentleman knows something about economics, and about something called a dynamic model, in which the indirect and subsequent consequences of any action must be taken into account. I believe that the settlement will result in enhanced revenues for the European Union as a whole: we will all have more money to play with.

That point has already been made this evening, using the example of Ireland. It is wonderful for us that Ireland has become so prosperous. I do not say for a moment that Ireland has become prosperous only because it has been in receipt of cohesion and structural funds. The Irish are extraordinarily enterprising people, and once released from the autarky pursued by their Governments in the initial generations after independence, some take-off was likely. Since the Whitaker report in the 1960s, they have invested in education in a big way. As Members on both sides of the debate have said, they have pursued sensible and attractive tax policies. It must be a matter of delight to us that not just Ireland but Portugal and Spain have been completely transformed since they joined the European Union, because it contributes to our prosperity.

Mr. MacNeil *rose—*

Mr. Davies: I shall give way to the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) who is going to ask me, of course, whether Scotland would do better in the European Union if it were independent.

Mr. MacNeil: If the hon. Gentleman chooses to answer his own question, he is more than welcome to do so. I was going to ask him to what he attributes Iceland's success. He has said X, Y and Z about the European Union and Ireland, but Iceland has come from exactly the same baseline and has done just as well, if not better in some sectors.

Mr. Davies: Having been shadow Secretary of State for Northern Ireland for three years, I know a little about Ireland, but I must make the terrible confession that I have never made a study of Iceland. I hope that the hon. Gentleman will forgive me if I do not embark on an analysis of Iceland's economic experience now.

The second big problem is that the Conservative party has shown this evening that it does not want to face up to the facts. I put to the hon. Member for Runnymede and Weybridge (Mr. Hammond) the two most striking facts—I described them as salient—about the package. One was that for the first time the share of agriculture in total spending is now on a downward path. That is enormously important, as it means that the issue of agricultural spending is being resolved over time. As anyone who can do elementary logic will know, the curve could be steeper or less steep, but we are going in a direction in which the common agricultural policy problem will inexorably be resolved. The hon. Gentleman did not want to recognise that.

The second fact that I put to the hon. Gentleman was that, under the settlement, France and Italy will increase their contributions at twice the rate of those of this country. That is also unprecedented, and an extraordinary achievement. Signor Prodi and Monsieur Sarkozy will have a much more difficult time defending this settlement in their national assemblies than the Government will have here. I have some sympathy for them, and I am glad that we have reached this sensible compromise, for all the reasons that I have mentioned. The hon. Gentleman did not even recognise those facts. I intervened twice, and his response was to run away from them and evade the points that I made.

I must tell the hon. Member for South-West Hertfordshire (Mr. Gauke) and the hon. Member for Runnymede and Weybridge, who is not in his place at present, that if they are serious about wanting to come into power, being in denial about the facts is a very bad basis for statesmanship and a disastrous basis for government—*[Interruption.]* I did not hear that point; if the hon. Member for Broxbourne (Mr. Walker) wants to make an intervention, I shall certainly take it. Members have been generous in taking interventions this evening, and I am happy to live up to that convention.

The third problem, which goes back to good faith, or perhaps just to a lack of information or understanding on the part of Eurosceptics, both in the Tory party and in many parts of the press, is the rubbish and systematic, libellous and defamatory nonsense talked the whole time about the Court of Auditors and corruption and waste in the European Union. It is perfectly true that the Court of Auditors has regularly put reservations on the accounts that it has signed. *[Interruption.]* I will give way again to the hon. Member for Na h-Eileanan an Iar, but I hope that I can proceed after his intervention.

Mr. MacNeil: Before we move on to the subject of corruption, we should acknowledge the deep, inbuilt, structural problems in the common agricultural policy. Crofters in the highlands of Scotland get less favoured area support of tens to twenties of pounds per hectare, whereas farmers in Luxembourg, other parts of Scotland, England and the European continent get support of up to thousands of pounds per hectare.

Mr. Davies: The hon. Gentleman will forgive me if I do not burn the midnight oil to discover the rates of payment to crofters in the Highlands and Islands. His figures might be right or wrong; I am afraid that I cannot comment on that.

A regular feature of Eurosceptic rhetoric both from Conservative Members and from the press has been to say that the European Union is a sink of corruption, that the Court of Auditors has never approved the accounts, and to ask how we can go on being part of such an organisation. Of course it is true that every human organisation is exposed to fraud, corruption, mismanagement or waste; there is no such thing as perfection in these matters. If I look back to the Conservative Government, there were egregious cases of waste and, indeed, corruption in the national health service in Wales at one point. We have also had corruption in local government. One can never clear that up completely. This country has a very good record, and northern Europe as a whole has a very good record and good traditions in this matter, particularly Germany, Scandinavia and the Netherlands. Therefore, by world standards, such cases are few and far between, but they exist in all institutions.

I suspect that the hon. Member for Altrincham and Sale, West knows this, but I do not know whether the other Conservative Eurosceptic Members do, or whether they are genuinely bemused by their own rhetoric or that of the Tory press. The fact of the matter, however, is that the Court of Auditors has not for many years put a reserve on the Commission's accounts. It has criticised not the Commission or the institutions of the Union, but the member states, which in many cases distribute the money.

The logic behind the criticisms made of waste or corruption in the European Union is that we should have a federalist policy, and that member states should stop distributing structural funds and agricultural support of various kinds. The Commission should do it directly, and there is every chance, given its record, that it would do it very well. I have a little experience of the Commission, and it is a superb bureaucracy. There are few bureaucracies around the world that are so professional, good, clean, well motivated, efficient and so small in relation to the money that they are disbursing—even if it has 20,000 people, that is a small number in comparison with bureaucracies around the world and the money that they disburse. Getting 300 directives through and creating the single market in a few years was a formidable achievement. I am not advocating a federalist policy, but that is the logic of what Conservative Members are saying—they will not like it, but I ask them to examine honestly the logic of their criticism.

The problem lies in the member states, not in the Commission. If the Conservative party thinks that a radical solution is required, it ought to be a federal solution, extending the competence of the Commission and reducing the role of the member states. That would be a logical solution, but is it the solution that the Conservative party is suggesting? No, because the Conservative party will not recognise reality. The Conservative party will not draw the logical conclusions from its own position. The Conservative party will simply go on talking contradictory nonsense—for that it is what it is: it is contradictory and it is nonsense, and it is about time that it was exposed as such. But that is extremely difficult in this country, because the Eurosceptic press will never reproduce the points that I am making. *[Interruption.]* Of course it will not: we know that. So the public are genuinely bemused about the issue, which

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is extremely worrying. Here is a consistent and systematic libel—it is no less a libel for being consistent and systematic, and for being pursued for many years—which has infected public opinion about the European Union.

Mr. MacNeil: Will the hon. Gentleman give way?

Mr. Davies: Will the hon. Gentleman give me a moment?

I do not think the Eurosceptics should be proud of that achievement. I do not think they should be proud of having deceived the public. I think they should be ashamed of using such methods, and I hope that the more honest among them will now examine the facts. I hope that they will look at the report from the European Court of Auditors, which they will find in the Library. If they do, they will see that I am right. The reserves, I repeat, relate to the member states' role in the disbursement of Union funds, not to the Commission and the other institutions of the Union itself. That is very important.

It is clear to me that the Conservative party is engaged in pure political opportunism. The Conservatives do not wish to draw the logical conclusions of their own policies, and they do not wish the public to draw those conclusions. They want to be all things to all men. They want to go in for doublespeak. They want to go around the Conservative clubs and talk to the chauvinists there. We all know that such people exist in Conservative clubs throughout the country, and I have met a great many of them over the past 20 years. The Conservatives want to go around those clubs and say, "Get these nasty foreigners out. We aren't going to let our country be taken over by France and Germany," and so on. They want to come out with all that rhetoric, which will be popular in their constituencies and with the Tory party, but they know that it will not play with those on the middle ground of politics, so they will say to those people, "Oh no, we really believe in our membership of the European Union; we're totally signed up to it."

I can give two reasons—indeed, I could give more—why it is clear that the Conservatives are not genuinely signed up. One is their policy on the European People's party, which was a gratuitous unprovoked insult to those who had been their best friends for generations. *[Interruption.]* That is what it was, and how can they possibly expect it to be forgotten? We are talking about having a relationship with someone, signing an agreement agreeing to sit with someone—in this case, in the European Parliament—for five years, and then saying "We're going to tear up this agreement because we don't like it. We're going to spit in your face." Do the Tories really think that if they ever came to power, that would be forgotten? Do they really think that a bank of good will would be waiting for them if, by some awful mischance, they ever found themselves in Downing street? They would be far less well placed to negotiate anything on behalf of this country; that is absolutely clear.

What will happen if the House turns down the Bill tonight? Let us again draw the logical conclusions from the Conservatives' position, for they do not want to do it themselves. There will be an unnecessary and gratuitous crisis in our relations with the European Union. People will say, "The British Government signed up to this, and then backed out of it." The east Europeans will say, "My goodness me! We thought that the British were our friends, we thought that they supported us in enlargement, and now the Tory party has got itself a majority in Parliament"—if that were ever to happen, which I trust it will not—"and turned the deal down." It would take a long, long time to restore our reputation for good faith after that.

I put it to you, Mr. Deputy Speaker, that there are only two possible explanations. Either the Tory party has not realised the logic of its position, or it has, and it wants a crisis in our relations with the EU. That is why the Tories talk nonsense about pulling out of the common fisheries policy or the social chapter. It is really shorthand for creating a crisis and putting us in an impossible position—a position in which we could not pursue the principles that they have set out, and will I suppose set out in their manifesto, and still maintain our full membership of the European Union. That is a very serious matter for the House, and I am glad that the Tories have so blatantly revealed what is clearly their agenda.

7.44 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Thank you for calling me to speak in this important debate, Mr. Deputy Speaker.

If the Bill is passed tonight, it will set a dangerous precedent. It will mean that every time a new wave of relatively poor countries joins the European Union, we in the United Kingdom will somehow have to give up more of our taxpayers' money to support those new member states. As I told the hon. Member for Grantham and Stamford (Mr. Davies), the Foreign Secretary has stated publicly that he wants to expand the European Union to include countries in north Africa and beyond. The hon. Gentleman disputes that. Only time will tell, but what is genuinely agreed on all sides is that Turkey will inevitably wish to join the European Union and become a full and active member.

I met the Serbian Foreign Minister today. He spoke of his concern about the possibility of Kosovo's becoming independent. If that happens, Kosovo will want to join the European Union as well. Many other poor countries either wish to join the EU or are in the process of actively submitting application forms. Ukraine, Georgia, Bosnia, Macedonia—all those countries are very poor, and will require massive financial assistance. At a time when budgets are being tightened here in our own country, with an ageing population and a massive borrowing requirement, the Government want us to go on bailing those countries out. I understand that we, as a nation, are already £700 billion in debt.

Andy Burnham: Given the thrust of the hon. Gentleman's remarks, does he agree with the comments of his party leader in a speech to the conference of the Movement for European Reform on 6 March this year? He said:

"The prospect of eventual Turkish membership is hugely important—not just for Turkey itself, but to demonstrate to the Muslim world that the EU is not an exclusive Christian club."

Daniel Kawczynski: No, I do not wish Turkey to be a member of the European Union. As I said, we are currently £700 billion in debt as a nation, and this year alone we borrowed £34 billion. My constituents will find it extremely difficult to comprehend how the Government could forgo such a huge rebate when we are borrowing so much money and our own public services are at breaking point.

The Chief Secretary says that this is all about helping eastern European countries, and that we in the Conservative party are against eastern Europeans because we oppose the Bill. I feel very angry and upset about his comments. Never, in two and a half years, have I sat in the Chamber and been so incensed and appalled as I am by rhetoric of that kind. The Chief Secretary claims that we are against Poles because we are not prepared to give them huge financial subsidies. I feel very insulted by him. This is the arrogance of power. This is what the Labour Government are all about: they cannot justify giving up the rebate, so they want to insult us by saying that we are against eastern Europeans. What I object to is our country, the United Kingdom, footing almost the entire bill for the assistance of eastern European countries.

Of course all of us in the Chamber want to help those countries, which underwent a terrible experience during the days of communism and the iron curtain. However, we have helped them a great deal in the past. It was Britain, and Margaret Thatcher, who insisted that they enter NATO and become members of the European Union. We wrote off all the debts that they had incurred during the days of communism. We have always stood by the Poles, far more than many other European Union countries, and what the Minister said was very misleading.

Mr. Deputy Speaker: Order. I am happier if the word "misleading" is used as little as possible in debates, and, if it is used, is preceded by the clarification that no deliberate intent was implied.

Daniel Kawczynski: Yes, of course I retract that and apologise, Mr. Deputy Speaker.

We are also one of the few countries that have allowed Poles and other eastern Europeans to come in and work, and they have made a tremendous contribution. The way to help the Poles, however, is to facilitate trade between our two countries; we should do everything possible to help British companies trade with Poland and other eastern European countries. Vast state subsidies and giving up our own rebate are not the answer.

The Economic Secretary to the Treasury (Kitty Ussher): The hon. Gentleman talks about helping the Poles. Does he think it would be helpful to them if we—the UK—got a windfall from enlargement and their joining the EU?

Daniel Kawczynski: Nobody is talking about us getting a windfall from them. Conservative Members are scrutinising the Government on how they managed to give up such a large slice of our UK rebate, which is a totally different matter.

The Minister will not be surprised to hear that I have been to eastern Europe on many occasions. During visits to farms in Romania, for instance, we find that they are taking a great deal of our British taxpayers' money, but simply not complying with the rules and regulations that our farmers have to comply with.

We should have stood up for the British national interest during these negotiations. As hon. Friends have said, we should have used the veto in these discussions on the rebate. We are too important and big a country not to be able to stand up and use our veto. That would have been possible, and it should have been used.

We have tremendous support across Europe, not necessarily over the rebate but certainly over the future of the EU. Many eastern European countries are very troubled about Brussels railroading them on some of their concerns and the Franco-German control of agenda setting in the EU. They want to challenge that stranglehold, and they look to the UK for leadership. I feel passionately about that and will try to help my party find the right-of-centre partners in eastern Europe that the Minister spoke about. *[Interruption.]* He laughs from a sedentary position, but there are in fact many young right-of-centre politicians across Europe, such as myself, who feel passionately about having a European Union of sovereign states that trade and want to work together in co-operation, but also to guard their own sovereignty. There are a lot of them; I can assure the Minister that I myself have spoken to many young right-of-centre politicians from across eastern Europe who will work together to ensure that that happens.

In 1984 Margaret Thatcher showed that it was possible for the UK to fight for a rebate, and I wish to take this opportunity to acknowledge the tremendous courage she displayed all those years ago in standing up for our country's interests. It is clear that the current Prime Minister played a large role in the debacle over handing back our EU rebate. He was in constant contact with the former Prime Minister—Blair. He has built a reputation of having been an iron Chancellor, but he displayed a great deal of weakness over the EU rebate.

I wish to put it on the record that I am very disappointed about the lack of help from Poland and other eastern European states in the negotiations over the UK rebate. I have openly stated to many politicians from Poland and other eastern European countries how disappointed I am that they did not come to our aid over these critical negotiations. Britain has done more for Poland than any other European country has, and it is very disappointing that on this one occasion when Britain needed help and support from her allies in eastern Europe, Poland and others did not do anything to support us. Britain was, after all, at the forefront of getting them into the EU.

Little has been said about the accounts, which have not been signed off. The hon. Member for Grantham and Stamford suggested that Opposition Members were trying to whip up hysteria about them. While trying not to be rabid on the issue, I must say to him that it is concerning if the media report repeatedly, year after year, that there have been complications and difficulties with the auditing of accounts. All of us want to ensure that those accounts are watertight and can be presented to constituents as representing value for money.

Mr. Quentin Davies: Will the hon. Gentleman confront for a moment a point that I put, which is the truth: the criticism is not to do with the Commission,

[Mr. Quentin Davies]

as the problems are in the member states? If he understands that, he will see that this issue cannot be used as an argument against the EU itself. It is not the EU or its institutions that are in any way corrupt or wasteful—or if they are, it is only to a very minor degree—and the auditors have not made such a suggestion for years. The problems exist in member states, and especially some in southern Europe. The problems could be resolved by having a more federalist concentration of power in the EU. Does he want that?

Daniel Kawczynski: No, I do not want that, but I want the accounts to be properly vetted so that there is more transparency.

Eastern European countries are struggling to spend the existing vast sums of money that they have been given. During my various trips to Warsaw, people have confided in me that there are difficulties with some of the time scales that the EU has given the Poles to spend the money on infrastructure, as they are unrealistic. It is expecting the Poles to spend billions of pounds on building vast motorway networks across the country when that will simply not be feasible within the time frames given, due to environmental considerations and all the other complications that, as the Minister will be aware, major infrastructure projects inevitably bring about.

The Minister did not mention at all in his speech where the money was going, and I was slightly disappointed about that. If he is so confident that this British taxpayers' money will be of great benefit, it is a disappointment that he did not have one or two examples to share with the House as to what it could be spent on. I would have liked to hear an assurance from the Minister that some of the money would be spent on helping these countries reduce their carbon dioxide emissions. Owing to its communist past, Poland has hugely inefficient steel plants, such as Nowa Huta in Krakow, that belt out hundreds of thousands of tonnes of emissions. It would be at least nice for some of the money to be spent on helping countries to reduce their CO_2 emissions, so I look forward to hearing in the winding-up speech how some of the money will be spent.

The Minister spoke a lot about eastern Europe, but he did not mention British overseas territories. Having spoken to representatives of the Cayman islands, the Turks and Caicos islands and many other British overseas territories, I know that they get a raw deal from the EU. They are currently experiencing terrible problems in getting their hands on money to which they are entitled under European Union terms. Will the Minister assure me that the rebate that he has given away does not affect British overseas territories, and will he give me a commitment that he will help the Governments of the Cayman islands and the Turks and Caicos islands get what they are entitled to? They are fighting to get their fair share and they are coming across a great deal of red tape and bureaucracy.

The hon. Member for Falmouth and Camborne (Julia Goldsworthy) mentioned her concerns about parts of rural England not receiving their fair share of money. I represent a rural part of the UK—Shropshire—that has massive underinvestment in basic public services. If I may, I shall explain why I am so vehemently opposed to this outflow of money to eastern Europe. The reason is the problems that we face in the United Kingdom on public services. I visited Coleham primary school in Shrewsbury in my constituency. Its headmistress has worked out that she receives £711 less per pupil than the average per child funding—I am not talking about the best schools—and that equates to a £300,000 shortfall for one primary school in my constituency. I asked how that affects her. She said, "Clearly we cannot buy certain books or put the heating on when we would like, and we have various problems." How can we be experiencing such problems in the fourth wealthiest country in the world, yet at the same time be giving so much to eastern Europe?

The Royal Shrewsbury hospital is millions of pounds in debt. I have told the relevant Minister that we have a huge funding shortfall. Our local education authority is ranked 145th out of 149 LEAs for funding. Later this evening, I shall present a 16,000-signature petition that aims to prevent the closure of Shrewsbury ambulance control centre. Can one imagine such a thing? At the same time, the socialists are giving my taxpayers' money to the eastern Europeans—it is unbelievable.

Mr. MacNeil: With the greatest respect to the hon. Gentleman, rather than arguing against giving money to the eastern Europeans, could he not argue against nuclear weapons and make sure that money was not being wasted on weapons of mass destruction and instead was helping his constituents?

Daniel Kawczynski: No. The hon. Member for Grantham and Stamford said that he did not want to give an analysis on Iceland, and I will not start giving an analysis on nuclear weapons.

I believe that much of this is about how effective the negotiators were in dealing with the rebate. Today, if one speaks to Icelandic politicians—we are returning to the theme of Iceland—one finds that they still talk in derogatory terms about how Roy Hattersley negotiated the fishing stocks between Britain and Iceland back in 1978. They still laugh at that. In political circles in Reykjavik it is still talked about, and people there say that the poor negotiation and his poor performance as a negotiator cost the United Kingdom millions of pounds. The deal before us will be talked about in 20, 30 and 40 years' time as an appallingly bad negotiated settlement that has cost our taxpayers and our children billions of pounds.

8.3 pm

Mr. Austin Mitchell (Great Grimsby) (Lab): I do not want to follow on from what the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) said, but I must put him right on Iceland. What he mentioned was not done by Roy Hattersley and it did not happen in 1978, because he was not in the Foreign Office at that time. The settlement was in 1976 and the proposals that Roy Hattersley turned down were made in 1974. The hon. Gentleman would have done better to stay off Iceland altogether. Apart from that, he made a good speech.

This is a nice opportunity to take part in one of the three-monthly contests between Eurosceptics and Euro-enthusiasts on which we spend so much time in

this House. It is nice to welcome two new Ministers in the field as umpires or referees in the contest—my congratulations to both of them. I shall not put forward a view that accords with their policy or with official policy, because I shall not vote for this measure, and I would not want to give the impression that speeches by Labour Members will be, with one exception, that of my hon. Friend the Member for Luton, North (Kelvin Hopkins), panegyrics on Europe.

I am sorry that my hon. Friend the Member for Grantham and Stamford (Mr. Davies)—my new Friend—has left the Chamber, but it was good to see him get all that accumulated bile about the Conservative party off his chest. I am sure that it did him a lot of good. It was interesting to see, but I do not think that those views will do him as much good under our new leadership as they would have done under the previous leadership until July—the bid is a bit late.

The basic problem that we face with this Bill is that it adds to the costs of belonging to the European Union, which are already unacceptably high for this country. After Germany, which is much more generous and committed towards Europe, we have long been the second highest contributor. That situation has been compounded by the concessions made on the rebate by our previous Prime Minister, whose name slips my mind temporarily, earlier in the year without much consultation with Labour Members.

The rebate was negotiated wisely by Mrs. Thatcher, because it addressed some of the problems that the structures and financing of the European Union placed on this country unfairly and unequally. However, it was wrong to give up any part of that rebate, and in particular to do so without concessions in the negotiations in return. One should not just make generous impulsive offers and throw all one's cards on the table

Europe is a matter of continuous negotiation, albeit a rather annoying and embittering one. In the negotiation, one must play one's cards and games in return for sacrifices. My concern is that there were no reciprocal gains and we got nothing in the negotiations, either on the treaty, which was also in play and being negotiated at the same time, or on the budget situation that has been so damaging to this country. Before those concessions, our contributions, which will increase under this Bill, were between £7 billion and £8 billion gross over the past few years.

David Taylor (North-West Leicestershire) (Lab/Co-op): The previous Prime Minister, when negotiating rebate reform, stated that European partners had arrived at a quid pro quo in respect of CAP reform. Just weeks later, the then President Chirac said to French farmers that the CAP was safe and unchangeable until 2020. Does my hon. Friend think that that quid pro quo is likely to be delivered any time soon?

Mr. Mitchell: The so-called concession on the CAP was not worth the paper that it was not written on. Our experience of the CAP indicates the difficulty. The new settlement will be in 2013, but I do not imagine that we shall get any substantial concessions from the French. Indeed, this reminds me very much of the Berlin negotiations on Agenda 2000, when some concessions had been made on the CAP but then in marched President Chirac who cancelled the whole lot and took them back. This issue has been impossible to address. Every party in this country has promised at every election a fundamental reform of the CAP, but we have not got one.

My hon. Friend the Member for Grantham and Stamford said that the negotiations have set the CAP expenditure on a remorseless downward path, but that is nonsense. It has been reducing as a proportion, but it has been increasing as a total, and it still represents well over half the annual EU budget going to 5 per cent. of the EU electorate. That goes to show what the EU's preoccupations are, so he was wrong to say that there has been a concession.

David Taylor: I am not even sure that the trend is downwards. The overall proportion of allocated expenditure that the CAP took in 2006 was 46.7 per cent and in 2005 it was 46.2 per cent. It is floating up slightly, not floating down as my hon. Friend—perhaps inadvertently—suggested.

Mr. Mitchell: My hon. Friend is a fount of wisdom and sagacity, and I am always delighted to be corrected on any issue that is damaging to the European Union. So the trend is up for the proportion now, although it had been heading down for some time. Anyway, the CAP is very boring and I want to move on—

Stewart Hosie (Dundee, East) (SNP): The hon. Gentleman mentions the CAP. There is no question but that it needs reform and we all have our own issues with it, but at 0.4 per cent.—less than half a per cent.—it has provided secure food supplies for decades in Europe. It has also, to some extent, been a social tool to protect the most fragile economies in some of the most remote and rural areas. We all want to see changes in the subsidies for big agro-business, but what other changes would the hon. Gentleman make that might weaken or damage the good things that the CAP has delivered for many decades for a small proportion of Europe's income?

Mr. Mitchell: I do not want to make changes: I just want to scrap it. That would be the sensible thing to do, because then we could support our own agriculture in our own way. That is enough for now on the CAP, but the key point is that it is a massive budgetary contribution to a small section of the European economy.

Before the changes proposed in this Bill, our gross contribution to Europe over the past few years was between £7 billion and £8 billion a year, and our net receipt—the money that the EU graciously gives us back—was between £3 billion and £4 billion a year. That is our money with their costs deducted to spend on purposes that they see fit. It annoys me, as it does my hon. Friend the Member for Luton, North, to see on every dogs' home or retirement home for eurocrats the sign with the stars saying that it was built with European money. It was not built with European money, because it is our money that we have been given back, with their costs deducted. We could spend all that money for our own purposes much more effectively—and certainly not on the CAP.

Mr. MacNeil: In some ways, I agree with the hon. Gentleman. Indeed, if one looks further north—latitude may have something to do with it—Norway and Iceland spend more money per capita supporting

[Mr. MacNeil]

their own agriculture to ensure a secure food supply than do EU members. A secure food supply is not dependent on the existence of the CAP.

Mr. Mitchell: Yes, and I am grateful to the hon. Gentleman for making that point.

The Bill will increase our gross contribution to £10 billion—which will rise to some £20 billion after 2013—and the net receipt to £6 billion. I ask those hon. Members who say what a benefit the system is to the rest of Europe to envisage how many roads, schools, hospitals and health centres could be built here, at our discretion and for our purposes, if we were not making that annual contribution. We are told to rejoice that Italy and France are now beginning to pay something after all the years of paying nothing, but the proportionate increase in their contribution is less than in ours, and we have been making the second highest contribution.

Our Government's contribution is about 0.5 per cent. of our GDP, and that is important, because that is the growth from which the people of this country benefit, but it is not our only contribution to Europe. We also make contributions to European institutions of £1.8 billion in total, including for instance the blessings of the Galileo project, which is to send 20 flying pigs into space to bounce back a location system that we get free from the Americans at the moment, so that our motorists and defence forces can pay for it. I come back to the CAP—I am sure that the hon. Member for Dundee, East (Stewart Hosie) will rejoice. The net cost of the CAP to us, by the OECD's estimate, is £15 billion a year. That is partly in distortions to the market, but it is also the cost of not buying the cheaper food that is available on world markets, and being forced to buy the overpriced production from Europe. What could we do with that £15 billion?

Then there is the cost of the European regulations that are showered on us, some necessary and some not. Estimates vary and some are higher than others, but let us say £25 billion a year. Add that lot up and we are contributing between £45 billion and £60 billion a year to belong to that institution. It is some 2 per cent. of GDP, so in other words our growth would have been 2 per cent. faster each year had we not been making those contributions. That growth is cumulative, so at the end of 10 years our economy would have been that much more powerful—and that much better able to contribute to the needs of developing countries.

Cumulative growth has been lost, and that is a burden that has been assumed without asking the British people, and it is also a loss across the exchanges. We are in a substantial and growing balance of payments deficit, and we are adding to that by the flow across the exchanges. We have already suffered damage to manufacturing in this country. When we joined, we had a surplus in manufacturing trade with Europe. Now we have a steadily growing annual deficit. We have paid for that in previous years through a surplus with the rest of the world, but that has now gone, too. There is a massive drain on the balance of payments, which will only get worse if we carry on this course.

Where has all that money gone? Where does the £45 billion to £60 billion go? My right hon. Friend the Member for Rotherham (Mr. MacShane), who is working hard for his European knighthood or whatever will come at the end of his long travails, said that it was going to help the Poles. Well, that is a wonderful purpose, and I am glad to help the Poles. I do not mind them: in fact, I quite like them coming here to help us, because our contribution does not keep them there. But what right has my right hon. Friend, or any other of my right hon. and hon. Friends, to be so generous with our money for those purposes?

Where has the money gone? It cannot all have gone to pay Mrs. Cresson's dentist the massive sums that he was receiving for advising in her office. It cannot all have gone on corruption, which adds 10 per cent. to so many budgets—all of them unqualified. My new hon. Friend the Member for Grantham and Stamford was quite wrong to say that it was not the Commission's spending, because it is the programmes that the corruption occurs in, and Europe is responsible for those programmes. Is the money going to the Spanish, to build fishing vessels to come and catch our fish and take it off to Spain? Is it going to farmers in the Republic of Ireland and France? I am sure that they do better out of the CAP and the aid than do the Poles, who are the poorest in Europe. Where is our money going and what benefit do we get from it?

Daniel Kawczynski: The hon. Gentleman makes an important point about the amount of money that will flow out of our country to eastern Europe. Is he aware that the debts of some countries in eastern Europe, such as Poland, are nothing like the national debt of this country, which is more than £700 billion and rising? So it is nonsensical for our British taxpayers to give Poland money when our national debt is increasing at a much faster rate than its is.

Mr. Mitchell: If I accepted that specious point I should be criticising my leader and I would never ever do that. Let us say that there is a contribution across the exchanges rather than an assessment of the budgetary position.

What benefits do we get? There is a mantra. The Government and Euro-enthusiasts always tell us that inestimable benefits flow from Europe. They say inestimable, as a reason for not estimating them. Year after year I have tabled questions asking for a balance sheet of the gains and losses of our membership of the EU. Lord Pearson, who represents the provisional wing of the UK Independence party in the House of Lords, tables an annual motion asking for a balance sheet, but we are never told what the benefits are.

We are told that many jobs are dependent on Europe. That is just not true; those jobs would exist whether we were in the EU or out of it. Exports and trade would continue.

Mr. MacNeil: It is argued that one of the benefits of EU membership involves fiscal transfers. Does the hon. Gentleman agree that there may also be many inestimable benefits to the European economic area, witness Iceland, Norway and Switzerland?

Mr. Mitchell: The countries that have done best economically are outside the European Union, especially smaller countries such as Switzerland and Iceland. They do not have to bear the EU's burdens, so they have had much faster growth than us. EU growth has been laggard.

What benefits do we get? We certainly cannot claim the common fisheries policy as a benefit. No one would defend that. Nobody seems to claim the CAP as a benefit, apart perhaps from the hon. Member for Dundee, East who said it brought stability, but it brings stability at enormous cost and distorts our market.

Nobody would say that the other common policy—foreign and defence policy—has achieved much. How successful was it in Yugoslavia? It was largely responsible for breaking up Yugoslavia. The EU was pushed into intervention in Kosovo by President Clinton. Look how united and solid the EU was on Iraq, where it fell into squabbling camps. In Afghanistan, we are being left to bear the brunt of the fighting and death while German troops have to clock off for tea at 5. Again the burdens fall on us.

As my hon. Friend the Member for Luton, North said, there have been two surveys of the costs and benefits. The Swiss drew up an honest balance sheet for their Department of Foreign Affairs. It indicated that the burdens of Europe would take 1 per cent. from their annual growth. A French think-tank—pro-Government—obviously influenced Sarkozy, who wants the European Bank to lower the exchange rate and interest rates to make the euro more competitive. The French survey showed that economic and monetary union has damaged growth and turned Europe into the high-unemployment, low-growth blackspot of the advanced world. There have been glimmerings of growth in Germany—I am sure my new hon. Friend the Member for Grantham and Stamford would intervene at this point—but the EU is growing far slower than any other part of the world.

Mr. David Drew (Stroud) (Lab/Co-op): Recently there has been a softening of attitudes towards the euro, especially by the UK media. The euro has appreciated against the dollar and that could be seen as a sign of success, but in many respects it has become even more restricted as a currency, which presents even greater dangers were we ever to join it. Does my hon. Friend agree?

Mr. Mitchell: I am grateful that we did not join the euro. Our present Prime Minister kept us out. The euro is going up as the dollar comes down. People are coming out of dollar stocks and there is a policy of benign neglect of the dollar, which improves the US exporting economy because it is picking up as domestic consumer demand falls, but European manufacturing will suffer. The problem for us is where we should be in that equation. My view is that we should try to reduce the exchange rate through lower interest rates, although I do not want to go into that.

I want to know what benefits we are getting from the contribution enshrined in the Bill. Euro-enthusiasm has in some respects replaced socialism as a credo on the Labour Benches. The Liberals believe in "My Europe, right or wrong", or perhaps "My Europe mainly right, very occasionally wrong but we don't talk about it". However, the wealth of nations is built by hard-headed realism, not by impulsive romantic gestures, not by naivety and certainly not by being the slave of a dead ideology—Keynes' critique—repeating a pointless mantra about the inestimable benefits of EU membership.

We have to be realistic and hard-headed. The reality is that we would be better off out, sloughing off the burdens of Europe, trading with the wider world and co-operating with the nations with which we share problems rather than achieving that co-operation by financing a huge superstructure of marble palaces in Brussels, a play-away Parliament, a massive bureaucracy and all the failed programmes that go with it. That is the reality.

Mr. MacNeil: Will the hon. Gentleman give way?

Mr. Mitchell: No, I am grinding slowly to a halt. It is a painful process for the House that I do not particularly want to interrupt.

Reality is not mindlessly handing over money to every demand or mindlessly saying that we benefit from an institution that is in fact doing us harm, and which is constructing over our heads a state that will be set above our own nation state. We need an honest, objective measurement of the benefits and debits of membership—I hope we shall be given it by our Government. That would be a sensible basis for making a decision about our relationship with Europe. The decision may take the Euro-enthusiast direction that my new hon. Friend the Member for Grantham and Stamford and my old friend, the right hon. Member for Rotherham, want, but it may not. People may ask, "Why should we spend all this money? Why should we donate all this money and suffer disadvantages and losses? Why shouldn't we build up our economic strength and decide our economic destiny?"

Let us see the balance sheet; then we can decide whether we are prepared to pay. Naivety is interesting and useful—perhaps necessary—in courtship, but it is no basis for a long marriage.

8.28 pm

Mr. John Redwood (Wokingham) (Con): In 1984, as a young man, I was the chief policy adviser to the then Prime Minister. One of my proudest moments in that job was when she returned from a difficult negotiation in the European Community where, thanks entirely to her skill, determination and perseverance, she obtained for the UK a most important reduction in the amount that we had to pay into the European Economic Community.

It was a great negotiation because to achieve that rebate, that lady had to persuade all the other member states to her point of view. She could not block the payments that we were making because a Labour Government had agreed them. She knew they were far too high, and it was her consummate skill as a negotiator and politician that slowly persuaded all the other member states, reluctantly and gradually, to the view that Britain was getting an extremely raw deal; it was paying far too much, and justice required that more of the money should be left in the United Kingdom.

As a result, the Government whom she led and those led by her two successors were able to spend more money on British public services chosen freely by the elected representatives—the majority party in this House—or to return more money to the British people to spend on their own families and businesses through

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tax reduction, which I greatly welcomed. That makes tonight particularly tragic, because a subsequent Prime Minister, Mr. Blair, went to a European negotiation at which all he had to do was say no. He need not have given any of that money away. He did not need any of the skills that Baroness Thatcher required to win us the rebate—he had all the cards in his hand. He merely had to say no unless and until the other members of the European Union saw the justice of the case that he was making.

When the former Prime Minister moved his position, from the excellent one that there was no need to give up the rebate and that it was not negotiable, to the position that it was negotiable, I and many of my right hon. and hon. Friends had misgivings. The Opposition were prepared to listen, however, and see whether it was feasible to negotiate a much better deal on the spending side of the account, whereby the British position would not worsen, while that of all members of the Union would improve if spending could be reduced on agriculture. Such spending gets in the way of efficient agriculture in many member states and prevents developing countries from getting fair access to our markets.

Some of my right hon. and hon. Friends withheld their criticism to wait and see whether the then Prime Minister had some negotiating skills. It beggars belief that he had absolutely no negotiating skills at all. Armed with the veto, he threw it away. Armed with a strong case to win over the new member states and the Nordic member states to the proposition that the common agricultural policy was bad and should be reformed, he was unable to persuade any of them. Tonight, we have a House of Commons with Labour Members almost in denial and about to vote through a disaster for the United Kingdom in the form of an extremely large bill that we cannot afford and do not want.

The Chief Secretary to the Treasury, who opened the debate, showed bravado and obviously implied that he thinks everyone in the country is a fool. He tried to present the Bill as some kind of negotiating success and a way of increasing the rebate. Yes, of course it increases the rebate, because it increases the spending by so much more. It means that Britain will end up paying far more in the seven years of the proposal than if nothing had been given away in the negotiations.

I notice that the Economic Secretary to the Treasury, who is on the Treasury Bench, has no intention of intervening, because she knows that I am absolutely right about the huge expense. The documents reveal costings of £7.4 billion at the current euro-sterling exchange rate. Given the parlous state of the national accounts, we know that every penny of that £7.4 billion will have to be borrowed. If it were borrowed over, say, a 20-year period at 5 per cent.—the Government might be able to do that—there would be another £7.4 billion of interest on top of the £7.4 billion of capital that will need to be paid and then repaid over the 20 years of the debt. I leave out the interest on the interest, which would add to the sum even more. On the Government's own admission in the explanatory notes to the Bill—they are riddled with errors, of course, but I do not think that this figure is an error—the minimum cost to the state and the taxpayer will be £7.5 billion, which, in practice, will mean £15 billion or more, because they will have to borrow it and we will have to pay interest on it.

If we look beneath the Government's guidance, we see that the true bill to the taxpayer and the British Government will be far bigger. This Government have signed up to a set of spending plans that mean that, on average, every year over the seven-year period the United Kingdom will have to pay £10 billion into the European Union, after knocking off the smaller rebate, which is still in place thanks to Baroness Thatcher. That means that, in practice, there will be an underlying spending increase of £70 billion over a seven-year period. Using my simple sum, if the Government borrowed that over 20 years at 5 per cent., we are talking about £140 billion of first-round interest payments and capital repayments, just to see us through the seven years. At the end of the seven years, of course, we know that we would be on another escalator, because our bargaining position would be greatly weakened thanks to the Government's foolishness in giving away this most important principle and allowing the rebate to be weakened.

We know that the present Government are careless with public money. They say that any Conservative plan to spend a few hundred million or the odd billion on a tax cut would produce a black hole, yet along comes a mortgage bank in trouble and they can suddenly find £24 billion without batting an eyelid. Now we discover that they can apparently pledge this country to pay £70 billion over the cycle of the budget proposal. We know that they can propose that only because they intend to borrow every penny of it, just as presumably they are borrowing every penny of the £24 billion that they have so far made available to Northern Rock.

The Chief Secretary to the Treasury produced several arguments, in the course of a long and rambling speech, for why the budget was a good deal for Britain. There was the strange argument that the rebate was going to increase, whereas we all know that there will be a worsening of the rebate and increased spending. There was then the argument that we should be extremely grateful and welcoming of the fact that, as a result of our much bigger contribution to the European Union kitty, there would be more spending in countries outside the United Kingdom. He implied that he believes that, as soon as a country gets European Union spending, it becomes more prosperous and its growth rate rises. That is a curious argument.

During my time in politics in Britain, I have seen some parts of the United Kingdom receive European Union money. We know that they have been receiving it because, as has been pointed out in the debate, one condition of it is that recipients have to stick the 12-star flag logo all over the sign boards for the projects, whereas I believe that under British law they are not allowed to put a Union flag on anything that we fund directly. Somebody rightly pointed out that the money is ours anyway, because we put more in than we get back. We know that some places have been getting that funding.

If we look, as I have, at the income levels and growth rates in the places that receive that funding, we see two interesting things. First, the poorest parts of the

country receive the money. That is not surprising, as the main condition for getting it is that they start as the poorest parts of the country. The other thing that we discover is that, under this Government in the past decade, those areas have also had the slowest growth rates. The money is clearly not kick-starting those parts of the country into greater prosperity; it is part of the problem that is holding them down.

Julia Goldsworthy *indicated dissent.*

Mr. Redwood: I see the hon. Member for Falmouth and Camborne (Julia Goldsworthy), a Cornish seat, becoming agitated, but she must know that the Cornish rate of growth has been much less than that of London or the south-east. London and the south-east are not main recipients of European aid, whereas Cornwall is. If receiving subsidy and aid triggered a big increase in the growth rate, one would expect Scotland to have been the fastest growing part of the United Kingdom in the past decade, as it has had so much extra money from all sources. Instead, we discover that Scotland has been about the slowest growing part of the United Kingdom.

Julia Goldsworthy: The right hon. Gentleman is correct that there is still a large gap between Cornwall and the rest of the country, not only in GDP per head of population but in income. However, the rate of growth is now faster than the England average.

Mr. Redwood: Growth rates in London and the south-east are far greater than that in Cornwall, which demonstrates that European Union money is not managing to do what the hon. Lady hopes. I should be delighted if that money were well spent, but one of the big problems with European Union money is that under the rules, it must be put into schemes that it would otherwise not have been put into—by definition, marginal schemes or even those that are not thought very worth while.

Mr. MacNeil: Could not the argument be made that the issue is not actually about subsidies at all? The rate of growth in the Republic of Ireland, for example, has been double that in the United Kingdom. That has happened because Ireland left the United Kingdom and set its own tax structure to suit itself. Perhaps that is not happening in Scotland because Scotland is not independent so that it can compete, match and beat the Republic of Ireland.

Mr. Redwood: This is not a debate about Scottish independence, but I agree that cutting the tax rate is a very good way to accelerate the growth rate. The Chief Secretary to the Treasury seemed to think that subsidies to the Irish agricultural sector were the main cause of accelerated Irish growth. There is no evidence from the Irish economy that the agriculture sector has led the growth; it has been led by the service and manufacturing sectors. That is definitely the result of very low corporation tax.

Mr. Cash: On the Irish economy, my right hon. Friend might not have been here when I made the point that there is an excellent book by Mr. Roy Foster called "Luck and the Irish" demonstrating that the money put in by the European Union has been less effective in increasing Ireland's prosperity than American money and tax reductions.

Mr. Redwood: I am grateful for my hon. Friend's endorsement of my case. So much European money went into the agriculture sector in Ireland, but that is not the great success story. The success story is in those sectors that have attracted large sums of foreign capital to create new businesses, which in turn have attracted a lot of talented Irish people back to Ireland to discover that it is a place where they can have very good careers.

Mr. MacNeil: Some economists argue that the agriculture subsidies not only did not help the Irish economy but hindered it in some ways, because resources were allocated to a less productive sector of the economy than they might have been.

Mr. Redwood: Again, the hon. Gentleman makes a helpful and sensible intervention. I hope that Ministers are listening; they might learn from it.

To return to my argument, all too often the projects financed by the European Union are marginal, or, in economists' terms, sub-optimal—not those that one would choose for oneself. That is the role of the scheme. As the sage from Great Grimsby was saying a few minutes ago, would it not be much better if in some cases we could choose the projects ourselves and spend our own money on them without the middleman—without having to send the cheque to Brussels and then get some of it back after jumping through various hoops to prove that the project is one with which we would not otherwise have gone ahead? It is a rather crazy way to spend money.

Julia Goldsworthy: Does the right hon. Gentleman think that there is a benefit to investing in high-risk projects? Those projects often give the opportunity for the greatest returns, although they might not be viable in their own right or have the resources to take on that risk themselves.

Mr. Redwood: The hon. Lady should read a history of the 1970s, when we had a Government who thought that backing winners was a good idea, and every one turned out to be a flop or a loser. Maybe we are returning to that in the Government's latest approach to choosing investment projects and dealing with European Union funding. One begins to worry.

The Chief Secretary's next argument was that this had not all been in vain. Although perhaps in his more honest moments he accepts that we are talking about a very big bill—at least £7.5 billion and maybe £70 billion—he said, "Ah, but there will definitely be agricultural reform." That has already been revealed as a curious opinion given the attitude of the French, who will be in the chair of the European Union when the so-called review occurs. The language of the European Union has already downgraded the review, and the French have made it clear that they do not wish major reforms of the common agricultural policy to occur under their chairmanship. We come back to the question of how to negotiate. I always thought that when negotiating, if one is minded to make a concession in order to gain a concession from the other side, one makes sure not to

[Mr. Redwood]

make one's concession until the other side makes theirs. That is what good negotiating is about. It is quite extraordinary to make a massive concession for 2007, and then say that in five or six years' time, somebody might discuss making a concession the other way. Why on earth should they give us anything when we have negotiated in such a stupid way?

Mr. Oliver Heald (North-East Hertfordshire) (Con): Does my right hon. Friend agree that the French position is that the major reform of agriculture has already taken place? Further negotiation is not even a glimmer in their eye.

Mr. Redwood: My hon. Friend makes a powerful point. As others have revealed in this debate, it is not even clear that the proportion spent on agriculture is falling, although it is certainly clear that the amount spent on agriculture continues to rise. That is the French agenda, which has a lot of supporters in the European Union. I do not believe that the Government have a majority in Europe to support a significant change, and they certainly do not have unanimity on fundamental change, which is what they require.

Even worse, we know that quite a bit of the £70 billion that we have been asked to contribute will be spent on programmes to which the auditors will not be able to give a clean bill of health. Extraordinarily, the hon. Member for Grantham and Stamford (Mr. Davies) has told us that that does not count, because such fraud, malpractice or misspending occurs in member states rather than as a direct result of European Commission action. However, all that money is spent under European Union rules.

Mr. MacNeil: I am grateful to the right hon. Gentleman for giving way again; he has been very kind. To control misspending, does he agree that there should be a cap on the amount that certain individuals receive, which would mean that people such as the Duke of Westminster, who is a very wealthy landowner, would not receive obscene amounts from the CAP?

Mr. Redwood: I do not want to personalise the debate in that rather unsophisticated way. However, I make common cause with the hon. Gentleman in saying that too much money is spent through the CAP. The CAP should be reformed and that money should be repatriated. Too much money is also spent through a lot of other programmes. As the auditors have revealed, regardless of who technically spends the money, it is spent on European programmes, and all too often it is spent wastefully or even fraudulently, which should be a grave concern to us all.

I cannot say to the people of Wokingham, "I voted tonight to make sure that you will pay more tax in order to spend another £70 billion over the next EU budgetary period, and some of that money will be wasted, frittered or even spent fraudulently." As someone who looks at the auditor's reports from time to time, I cannot satisfy myself that that money will be well spent from now on and that we should relax. The money would be more likely to be well spent with proper investigation and control if it were spent closer to the people who paid the tax, rather than if it were to go through the intermediation of a remote and bureaucratic system of government on the continent before coming back here or to other member states to be spent by officials.

One of the myths of the EU is that it has a small and very effective bureaucracy. By remote control, the EU employs hundreds of thousands of bureaucrats throughout EU member states. Those bureaucrats might as well work for the EU, because they are doing the EU's bidding—I am glad that that is not the case, because they would be asked to do even more things with which many of my hon. Friends and I undoubtedly disagree.

I urge all sensible Labour MPs to vote against the Bill tonight. Those who vote for it will vote for more British taxpayers' money to be spent in faraway places, sometimes on fraudulent, incompetent or badly run schemes. They will vote for this country to borrow yet more money, which it cannot afford, and to pay yet more interest. They will vote for a further deterioration in the way in which this country's budgets are run by this Government. They will vote for the results of a negotiation that was so maladroit that our previous Prime Minister gave away a wonderful set of opportunities that another Prime Minister had negotiated for us without getting anything in return.

This is an extremely sad day for the United Kingdom. It is a sad day for this Parliament, and it is a day that Ministers will come to rue. Ministers should understand that they are in a big borrowing hole. They have the black hole of Northern Rock, and they have the black hole of this Bill. Labour Members will find that there is less public spending for their constituencies, and Conservative Members will find that there are fewer opportunities to cut the burden of tax on the British people so that we can prosper more.

8.49 pm

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): "We surrender; now let us negotiate." That seems to have been the Government's stance when they went to Brussels. Throughout the discussions—during the original negotiations, subsequently and again today—an entirely false dichotomy has been posed. We supposedly have either to accept anything at all that the European Union proposes, or to leave the EU, which would result in the collapse of civilisation as we know it. Those are not the alternatives—*[Interruption.]* I am glad to see the Chief Secretary nodding in agreement.

Remember that exactly the same position was put forward when joining the euro was mooted. For a period, people said that if we did not join, the economy would collapse: 10 zillion jobs were going to go, and there would be a wasteland from John O'Groats to Land's End. Well, we did not join the euro, and lo and behold, the economy has gone from strength to strength, thanks not only to the brilliance of the former Chancellor, who is now the Prime Minister, but to the correctness of that decision.

Nowadays, not only can I not find anybody in favour of Britain joining the euro, but I find it almost impossible to find anybody who was ever in favour of it—such has been the process of re-education.

Kitty Ussher *indicated dissent.*

Mr. Davidson: I see the Economic Secretary to the Treasury shaking her head; I presume that she is still one of the true believers, as befits somebody who used to be the chief economist for Britain in Europe—hardly an impartial organisation on such matters.

It would be right for us to reject the proposals and for the Government to stand up for British interests. The budget negotiations were meant to rely on real reform as a quid pro quo for additional payments from the United Kingdom, but it is absolutely clear that there has been no real reform in the EU budget as a result of our conceding a substantial chunk of our rebate.

The Prime Minister and I completely agree on the need to repatriate to the United Kingdom expenditure on structural funds. As has been said, no value whatever is added by the process of passing money to Brussels, handling fees being taken off, and some of the money coming back to us for projects in this country. All that involves is a transfer of political power to Brussels, which allows politicians there to make decisions about which projects should be supported and which should not, and under which rules. Such issues would be far better handled in this country. It would be much better to dispense with the system whereby Brussels handles the structural funding throughout the European Union, and I shall come in a moment to how I think that ought to be done.

I have similar thoughts about the common agricultural policy in the UK. As far as I can see, for a long time there have been very few reforms in the CAP. As has been said, the policy basically operates as a wealth transfer system, whereby poor consumers pay more for their food so that wealthy farmers can benefit. It is an obscenity that, as has been mentioned, people such as the Duke of Westminster receive enormous sums from the CAP, and will continue to do so under this scheme. Under the proposals, the undeserving rich will continue to get richer from the CAP and that financial system.

It is completely false to suggest that I, or many of my hon. Friends who intend to vote against this budget, oppose aid for eastern Europe. I have been in favour of widening the EU for a long time, so that is a calumny that we should in no way be prepared to accept. However, it is not helpful to handle the money that we wish to give to eastern Europe as it is currently being handled. In our relationship with eastern Europe, we should adopt two models from the Department for International Development. First, where we have little confidence in the internal systems of the country involved, we should be prepared to say, "Yes, we're willing to support this project, but we'll handle it. We'll seek your help and assistance, but we will not hand the money over to the local equivalent of the Mafia, so that they can take away a huge proportion of it instead of making sure that those who deserve it receive it."

The second method is direct budget support. Where we have confidence in the Governments of the recipient countries, it is far better to give them aid in their budgets, as we do with many African countries that have met various good governance standards, so that they, rather than some bureaucrat in Brussels, can determine how that money should be spent. It has always seemed absurd to assume that the European Union and its bureaucrats sitting in Brussels know better what is needed in Latvia, Lithuania and other parts of eastern Europe than the people in those countries do. If we support devolution in this country, we should support devolution in the form of direct budget support across the whole of Europe.

Let me turn to some concerns about the detail of the system that the Government have not yet touched on. Does the Minister accept that the Government have, as they confirmed in a written answer, agreed to a last-minute £1 billion increase in the administration budget merely to ease the passage of the proposals in Brussels? Why did we concede an extra £1 billion in sweeteners? That is log-rolling, and I can see no reason why we did it, or why we expect the British public to pay our share of it.

Following the agreement in December 2005, we were told, "That's it—enough is enough. This is the agreement and this is what we are going to stick to." Yet two months later the Government agreed to an increase in the European budget of £2.7 billion. Why was that? It seems to display a certain inability to strike even a bad deal and then stick to it. Saying, "We surrender, but if you're not happy with that, we'll surrender again later on," is not the best way of dealing with these matters.

We have been told that the Government are very keen on transferring money to eastern Europe. However, we should be absolutely clear that it remains the position that Ireland and Belgium will be net recipients from the budget, as are Luxembourg and several other wealthy countries, whereas a country such as Cyprus, with a gross domestic product half that size, will end up as a net contributor. That is absurd. Per head, the top three recipients of EU funds will be old member states—Luxembourg, Belgium and Greece. That does not display a transfer of wealth from the EU's old western members to its new eastern members. France will be the largest single recipient of money from the EU under the negotiated settlement, which is meant to be about transferring money to the east.

I fail to understand how the Government can possibly defend this as a good deal. If this is good deal, I dread to think what a bad deal would have been. It is noticeable that the Government have refused to produce statistics indicating their estimates of how much every other country in the EU will pay in and receive—except for France. If they are prepared to do it for France, I cannot see why they are unwilling to do it for other countries, unless they feel that there is something to be ashamed of.

I mentioned that Luxembourg will get the most in EU spending per person, followed by Belgium and Greece, and I would be grateful if the Minister would justify that to me. This does not strike me as being a reform budget. Spain was previously the largest recipient of funds, but it has been replaced by France, and that transformation does not seem to be a brilliant piece of negotiating. Ireland is the second richest country in the EU, with an income per head 30 per cent. above average, yet it will get more money out of the budget than it puts in. I do not understand the logic of that position.

In fact, the CAP currently transfers money from the poorest states to richer countries such as France and Spain. I am happy to give way on this point if the Minister wants to intervene, but in 2004 the 10 new

[Mr. Davidson]

member states paid nearly €1 billion more into the CAP than they got out of it. Perhaps that situation will change over time, but how did we get into that position?

Why are we prepared to accept that the EU's administration costs alone will rise by 28 per cent. in real terms? At a time when we are trying to squeeze budgetary expenditure and administrative costs, why are we prepared to accept that EU administration costs will go up by 28 per cent.? Is that another brilliant example of hard negotiation?

Mr. Redwood: The hon. Gentleman is making an excellent speech. Did he know that Luxembourg and Belgium—two of the richest countries in the Union—will get the most spending per head?

Mr. Davidson: Indeed, I had already touched on that. Why are we giving more money to Belgium and Luxembourg? If more money has to go on administration, we in this country have a policy of trying to disperse jobs from the rich centre to the poorer periphery. Why is that policy not being adopted by the European Union? That seems an absurdity to me.

I am aware that the cuts in our rebate are going to be end-loaded—compressed into the last year of the seven-year budget. We are not giving up the rebate completely in 2007-08. We give up 20 per cent. in 2009, 70 per cent. in 2010, and we have agreed to give up 100 per cent. of the funds between 2011 and 2013. Why has that process been end-loaded? Presumably they saw us coming, and it is now much more difficult for us to negotiate our way back. We have a far more disadvantageous deal than we would if the rebate were evenly given up over the period in question. At the end, we would end up with a better figure from which to work. I remember from when I was negotiating that if we could manage to get a deal that gave us a certain percentage over a year, but it was end-loaded, we started off in a much better position in the subsequent year. I can only assume that those elementary lessons in negotiating had not been passed on to the British negotiators, and I can only assume that the European Union saw us coming, and decided that taking sweets off children was quite an enjoyable process—but I will not digress.

The difficulties caused by our failure in the negotiations spill over into other areas of interest for the British Government. We have an excellent record in the area of foreign aid. We have worked exceptionally hard, but we ought to be exceedingly concerned about the way in which our commitments to retain CAP spending have locked us into negotiating positions, in the Doha round and so on, that make world trade talks more difficult than they otherwise would have been. The agreement places us in a position that is directly against the interests of the third world in world trade talks. I can see why the French wanted to put us in that position, but I cannot understand why we were willing to accept it. We must do better subsequently.

Mr. Drew: I absolutely agree with that point. My worry is about the current economic partnership agreements, which seem entirely driven by Brussels so as to set the terms against the third world, yet are sold on the basis of fairness and justice. Surely they are the opposite.

Mr. Davidson: Indeed they are. Not only are we trying to break the third world by forcing economic partnership agreements on it, we are trying to trap it into a world trade system that was established in the interests of French farmers and the Duke of Westminster. That is an absurd position for a Labour Government to accept for one moment.

I am afraid that I have not been here for the whole debate, because I had other commitments. I therefore apologise if other hon. Members have mentioned the European Parliament and the monthly travelling circus, when its accoutrements, Members, committees and staff are transferred from Brussels to Strasbourg and then back again. That will go on under the budget. The issue has not been tackled, and was not even broached. If we vote for the Bill, we are voting to condone that enormous waste of expenditure on a regular and never-ending basis. That seems absurd.

Mr. MacNeil: Is not the monthly transfer all the more absurd these days, when people are so concerned about their carbon footprints?

Madam Deputy Speaker (Sylvia Heal): Order. I do not want this debate to stray into carbon footprints.

Mr. Davidson: I certainly do not want to stray into carbon footprints either. The hon. Gentleman is entirely correct, but we will move on from there.

We have to see the budget in the context of where the European Union is going. It will be the financial package for the implementation of the rebadged EU constitution, providing ever more centralisation, with money again being unnecessarily sucked into the centre to be spent from the centre. There is absolutely no evidence in the budget of any enthusiasm for subsidiarity, either.

We have heard from the Foreign Secretary that he envisages the European Union expanding into the middle east and north Africa. Presumably with the next set of proposals we will be told that unless we give huge amounts of money to Brussels, we will be against north Africa and the middle east. I have some sympathy for the view that we should expand the common market to those countries in trading terms, in order to help them develop. However, I hope that the Economic Secretary will make it absolutely clear at an early stage that we do not endorse any proposal for the free movement of peoples from north Africa and the middle east, because that is—*[Interruption.]* The Economic Secretary looks sceptical at that, but I hope that she will make it absolutely clear that there is nothing in the agreement to take us towards the free movement of peoples from the middle east and north Africa en masse into the European Union in general, and into the United Kingdom in particular.

It is with some regret that I find myself having to oppose my Government. However, there comes a point when we have to say, "This is an appalling agreement and we should never have signed it." Those involved in the negotiations were sucked into accepting the assumption that those who do not accept everything

that comes from Brussels are in favour of withdrawal. I do not accept that those are our only two choices and I never have; nor do I accept the suggestion that those who do not accept the budget are against eastern Europe, and I hope that the House will not accept it, either.

9.9 pm

Mr. Charles Walker (Broxbourne) (Con): Thank you for calling me to speak at the end of this important debate, Madam Deputy Speaker. I shall try to keep my remarks short. This has been an interesting debate, with some varied contributions. I notice that the Government could only get the right hon. Member for Rotherham (Mr. MacShane) and the hon. Member for Grantham and Stamford (Mr. Davies) to speak in favour of their position. The right hon. Member for Rotherham gave a long and—as I said when he was in the Chamber—fairly tedious speech, but he did it with a twinkle in his eye. Too often, however, when we have debates about Europe, we start to throw out words such as "racist" and "xenophobic", and that does this place no good at all. It brings the whole political class into disrepute. It is perfectly reasonable to be concerned about this country's relationship, and its future relationship, with Europe without being called a racist or xenophobe. Those terms are thrown around the Chamber far too often, in far too many debates.

The hon. Member for Grantham and Stamford made an excellent contribution. We on the Opposition Benches are now realising that he is far more use to us on the Government Benches than he ever was on ours. I have to tell the Minister that we are really not going to have the hon. Gentleman back; I know that you want him to come back over here, but he is yours for keeps.

One of my concerns about the European Union project and the common agricultural policy is the implications that they have for developing countries, particularly in Africa. Farming is fundamental to those countries' development and economic growth, yet we weight agricultural subsidies in favour of our own well-heeled farmers, as the hon. Member for Glasgow, South-West (Mr. Davidson) has just pointed out. We make it difficult for African farmers to bring their produce to our markets, yet we think nothing of taking our excess product that no one here or in Europe wants to buy and dumping it on their markets at massively reduced prices, making it impossible for African farmers to compete. I have used this example before, and I will use it again: there are markets in Nigeria that are selling tinned European tomatoes. That is simply madness, and we in the European Union must put an end to it. It is unsustainable for us to subsidise our farmers off the backs of struggling African farmers. If we are really going to demonstrate that we want to improve the outlook for African countries and to strengthen their economies, we must allow them access to our agricultural markets. We must allow them to compete on an even footing.

I should like to inject a note of caution. The Minister talked earlier about the environment. Of course, the environment is hugely important; global warming is a huge challenge. We must be very careful, however, that people in the European farming community do not use the environment as yet another reason to deny African farmers access to our markets by talking about the number of air miles involved in the shipment of food. I am sorry, Madam Deputy Speaker. I know that you do not want us to talk about carbon footprints, but foods imported from Africa often have a far smaller carbon footprint, because they are grown in natural sunshine rather than in expensive, heated greenhouses. We must not use the concern about the environment that is shared by our EU partners to block African farmers' access to our markets.

When we have debates about Europe, we do not do the political class any great favours. We use abstract phrases and high-minded language. Of course, we are very high-minded people, but we must remember that what we do here has to be relevant to a wider audience. I know, from going around my constituency, that there is concern about the European project and about these quite significant additional sums of money that we are going to hand over to the newly joined member states of the European Union. I do not think that my constituents are mean-minded people, however. They understand that there is an argument for helping emerging economies in Europe to get the foothold that they need to become wealthier and to become our trading partners, but they also have a legitimate right to be concerned about the sums of money being talked about. We must not dismiss those concerns as the concerns of racists and xenophobes. After all, any money that we spend in this place belongs to the taxpayer. It belongs to the people whom we represent, and it is therefore incumbent on us to make a strong case for spending it. Ultimately, we should be answerable to them for where their taxes are going.

David Taylor: The hon. Gentleman is probably right in one respect: there is relatively little concern about the unreformed CAP providing net sums to the accession countries. I see little wrong with that. What does concern me is countries such as Austria, France, Ireland, Portugal and Spain, which are all net beneficiaries from the unreformed CAP. That cannot be allowed to continue for much longer, can it? How can that strike constituents in the hon. Gentleman's area or mine as being fair or sane?

Mr. Walker: I share many of the hon. Gentleman's concerns, and I will tell him why. My constituency faces significant funding pressures on public services. For example, we face the closure of not one hospital, but possibly two. My constituents are told that there is not enough money to meet and pay off the historic deficits and that that is the reason for the closures. We need to answer those concerns. If we believe in sending money to the emerging economies of eastern Europe, we need to make that argument. I personally believe that this country gives too much to the European budget and that we could do with giving quite a bit less. Again, however, I am happy to argue the case, as we have today, across the Chamber.

Mr. MacNeil: If the argument were about giving from the rich to the poor, there might not be so much opposition to it. In this country, we see the money going to rich people such as the Duke of Westminster and several other landed gentry. As some Labour Members have pointed out, countries such as Greece, Spain, Belgium and Luxembourg are achieving most of

[Mr. MacNeil]

the gains per capita from the common agricultural policy, so the money is not being transferred from rich to poor at all. If it was, it might not raise so much opposition.

Mr. Walker: I take the hon. Gentleman's point. If anything, the EU is too much about agriculture. The EU is obsessed with agriculture and with agricultural subsidies. For the EU to gain the support of the European population, it has to be seen to be working for everyone, but all too often, as he points out, it seems to be working for very few people. Conversely, for far too many people, it amounts to a nice dollop of extra cash on top of what they are already getting.

I have said before that I love the French rural way of life. I imagine it is rather like the way of life in this country 60 or 70 years ago, but the reason why the French can have farms of 50 and 60 acres, which are economically unviable, is that we in the EU—us and others—are subsidising that lifestyle. If France wants to continue with its agricultural marketplace in its current form, that is a matter for France, but it should not be incumbent on us to fund it on its behalf.

Mr. Lee Scott (Ilford, North) (Con): Does my hon. Friend agree that my constituents, like his, are annoyed that the rest of Europe is laughing at us over this matter and at the sums of money we give to countries that are doing far better than we are?

Mr. Walker: I accept my hon. Friend's observations. There is and must be a sense of frustration out there among the public. When we talk to our constituents, we find that about 50 or 60 per cent. now question the future direction of the European project. About 60 per cent. of our electorate think that it has gone too far and that it is not in this country's national interest. It is no good Labour Members—or, indeed, some Conservative Members who are more pro-Europe than I am—pooh-poohing those people and calling them little Englanders. That is a legitimate concern and we need to listen, understand and act on it.

I listened carefully to the Minister earlier when he spoke about immigration in the European context. I am delighted that skilled and talented people want to come and work in this country. I really am, but I wish that we had given a little more thought as to how we could have managed that influx of workers to make it better for us and for them. Although I represent a Conservative seat, the south of my constituency includes what I would call a large working-class area: two of the wards are among the 20 per cent. poorest in the country. I understand—this needs to be confirmed later this week—that in one of my primary schools, English is now the first language of only a minority of students—

Madam Deputy Speaker: Order. I wonder whether the hon. Gentleman could confine his remarks to the Bill, which is about financing the annual budget for the EU.

Mr. Walker: I will take your lead, Madam Deputy Speaker. All I am saying is that as Europe grows, and as more people come to this country, we need to ensure that we finance not only emerging economies in eastern Europe but our existing economies and infrastructure. If children whose first language is not English are to come into our schools, we need to ensure that we have the infrastructure in place to fund the specialist teachers who will allow them to take advantage of their education. We should ensure that children born in this country, of whatever race, creed or colour—

Madam Deputy Speaker: Order. The Bill is about financing the EU budget, so could the hon. Gentleman ensure that his remarks relate to that?

Mr. Walker: I shall, of course, take my lead from you, Madam Deputy Speaker, and not from the Chief Secretary to the Treasury, who gave us a wide-ranging exposition of Europe in a long speech that was good in parts and slightly repetitive in others.

Mr. Bone: Would it not surprise the general public to know that the budget settlement means that in gross terms we will pay £100 billion in taxes? Could that money not be better used to improve the infrastructure that my hon. Friend has been talking about?

Mr. Walker: I have to disagree with my hon. Friend: I do not think that it will surprise the public. I think that they are horrified, to be honest, and very concerned. We are talking about huge sums of money that many people feel could be better spent on existing and new infrastructure in the United Kingdom, for example in east and south-east England.

If the Government truly believe that there is an appetite in this country for closer integration with Europe and increased spending on Europe, the best way to test the view would be to have a referendum on the treaty. By having the courage to go to the people, we could have a serious argument and debate that would engage not only the political classes in this Chamber but the public—

Madam Deputy Speaker: Order. I remind the hon. Gentleman once more that we are discussing the budget for European Communities funding.

Mr. Walker: I take your guidance once again, Madam Deputy Speaker.

We need a much wider debate. The debate that we are having today is among the political classes. Our constituents have a desire to take part in the debate, and we must provide them with the opportunity to do so. We can do that by having a referendum on the treaty.

9.23 pm

Nia Griffith (Llanelli) (Lab): First, Madam Deputy Speaker, I apologise that I was unable to be here at the beginning of the debate. I am privileged to be able to take part.

Let me put the record straight on Wales. The right hon. Member for Wokingham (Mr. Redwood) seemed to do down all the financial benefits that we have ever had. If everyone had sent money back—that is what he is most remembered for in Wales—that might have been the case, but fortunately we have benefited in many ways. As the hon. Member for Falmouth and Camborne (Julia Goldsworthy) also pointed out, the

rate of growth in some of the objective 1 areas has been above the UK average. In Wales, the increase in jobs and recently in exports have both been above the UK average.

Julia Goldsworthy: Does the hon. Lady agree that it is not necessarily appropriate to try to compare the growth of the economy and other factors in rural areas that have a long history of deprivation with the same factors in prosperous areas such as the south-east and London?

Nia Griffith: Absolutely. The comparison was made with London, which has enormous financial institutions of world repute. Clearly, wealth creation in London is disproportionate when compared with the rest of the UK. It is therefore important that we work hard in the peripheral areas.

Mr. MacNeil: Does the hon. Lady agree that London has not only all those advantages but a Government who tailor their fiscal policy for south-east England, as well as a currency that is tailored for it? When the Republic of Ireland got outwith that orbit, it showed the benefits of independence. Perhaps that could be recommended for Wales.

Nia Griffith: I must disagree. We have ways in which to disperse funding and we are beginning to make a genuine difference in our peripheral areas through many projects, including the settlements that have been given to the devolved Administrations.

Clearly, one cannot make up a huge difference in a short time. The comparison with London is therefore unrealistic, but a huge leap forward has been made. We had a difficult coin to toss on convergence funding in Wales. Would our position be so improved that we would not get the convergence funding, or would we continue to be classified as needing it? It was a strange dilemma, because on the one hand we wanted to be poor enough to get the European money, but on the other, we would have liked to celebrate being not so poor as to attract it. However, we were clearly borderline, and we have been lucky because we have made progress, but we have also benefited from another £1.4 billion for Wales.

Mr. Davidson: Surely if the Duke of Westminster feels no shame about taking EU money, neither should Wales.

Nia Griffith: Indeed, especially given that we are somewhat poorer than the Duke of Westminster.

Madam Deputy Speaker: Order. We have had more than enough such references to people who are in no position to answer back.

Nia Griffith: Thank you, Madam Deputy Speaker.

Let us revert to the CAP, which needs reform. That is on the EU agenda, and it throws up anomalies in that some wealthy farmers manage to get even more money. However, it is a tremendous lifeline to many of our small hill farmers in Wales. Many have benefited enormously over the years from EU subsidy, which has enabled them to keep going. Frankly, many would be out of business were it not for that money.

It is easy to criticise administration and find one example of something going wrong or being misappropriated. However, we must understand that there can be examples of good and bad practice in all government, whether we are considering Brussels, the UK national Government or local government. It is sometimes easy to overlook the significant benefits that we have enjoyed from EU membership, such as opportunities for Japanese electronics companies, for example, to invest in this country and to be part of the market, economy and purchasing power that is Europe. When we consider financial gain, we must therefore take into account more than the single sum of money that is being pushed one way or another in any specific budget.

Mr. Bone: When we joined the European Economic Community, 32 per cent. of our exports went to it. Now, only 25 per cent. goes to the EU. How does that constitute economic improvement?

Nia Griffith: We could discuss for ever individual figures and what goes where at any particular time. However, we clearly benefit enormously from being in the EU. We have lost many markets that we had previously. For example, we are not in the same position as we were in the Commonwealth, and we rely much more on our EU partners.

There has been an anti-French aspect to our debate. Sarkozy is possibly being over-ambitious in his goals for when France has the presidency of the EU. We should not fall into that trap. The power vested in the presidency is not sufficiently significant to push things in the French direction in the way that has perhaps been suggested. It is ironic that Sarkozy has ambitious ideas about defence given that the Assemblée Nationale turned down the idea of a European army in the 1950s. He may therefore be overstepping the mark, and we, too, do so if we suggest that his influence will be quite so great when France takes on the presidency.

Clearly, the issue of enlargement is directly linked to that of budget. Adjustments will have to be made. One cannot simply move from six to 27 states and expect nothing ever to change. Sometimes, we, as one of the richer nations, will have to shoulder part of the burden. We need to be careful to ensure that the debate does not become anti-enlargement or focus negatively on specific countries. Turkey has been mentioned a number of times as a country that is not suitable for EU membership, but for quite the wrong reasons. There are huge concerns, which I share, about Turkey's human rights record, treatment of people in custody, attitude to minority groups, treatment of groups such as the Kurds and policy towards Cyprus. The argument that is often repeated, however, is that if Turkey joins the EU, we will be swamped by people from Turkey seeking economic benefit here. The economic and religious issues seem to drive a lot of the prejudice against Turkey, but neither are relevant. In 10 or 15 years' time, when Turkey joins the European Union, it will be better off than countries such as Bulgaria and Romania.

I accept that we have differences, but we must go along with the EU and vote the measure through.

9.31 pm

Mr. David Gauke (South-West Hertfordshire) (Con): It is a great pleasure to wind up today's debate. Those of us who deal with Treasury matters are used to Finance Bills, so a Bill with only one operative clause appears somewhat less daunting.

The debate has also been a pleasure because of the range of views heard. From Conservative Members, perhaps not surprisingly, we have heard forceful criticism of the deal facing us, and of the consequences that will flow from enacting the Bill. Such contributions were made by my hon. Friends the Members for Altrincham and Sale, West (Mr. Brady), for Shrewsbury and Atcham (Daniel Kawczynski) and for Broxbourne (Mr. Walker) and by my right hon. Friend the Member for Wokingham (Mr. Redwood). We also heard strong speeches making precisely the same point from Labour Members, particularly the hon. Members for Luton, North (Kelvin Hopkins), for Great Grimsby (Mr. Mitchell) and for Glasgow, South-West (Mr. Davidson).

We have also heard the counter view from the right hon. Member for Rotherham (Mr. MacShane) and the hon. Member for Grantham and Stamford (Mr. Davies). Until the hon. Member for Llanelli (Nia Griffith) spoke, I thought that the hon. Member for Grantham and Stamford was going to be in a somewhat isolated and minority position in his own party on this issue—once again—but it was not to be.

The simple question dealt with by the Bill is whether the deal obtained by Tony Blair in December 2005 was a good one and in Britain's interests. He went to negotiate with an objective to protect the rebate, to limit EU spending and to reform the CAP. He delivered on none of those. Our gross contributions are up, what we get back is down, and our net contribution is up. Moreover, our negotiating position for the next financing period has been horrendously undermined. The UK will therefore pay the price for this deal not just until 2013 but for the seven years after that. All that has occurred at a time when, as my right hon. Friend the Member for Wokingham made clear, we had a veto—we had an ability to block something that was clearly against our interests, and we failed to do so.

The argument is made that the deal is all about redistribution from the wealthy west to the poorer east. But let us look at the facts—the comparative data. What do they tell us about the winners and losers from the budget settlement and the own resources decision? The Government will not give us all those figures, but Open Europe has obtained leaked copies of working papers, and there is little link between spending and needs. The highest per capita spending is in the EU's wealthiest country, Luxembourg. In second and third place are two members of the original EU15, Belgium and Greece, not new accession countries. Ireland, one of the richest countries in Europe, will receive more per person than eight of the 10 accession states. To be fair, there is one western country that does do poorly. The country that does worst in terms of funding is the United Kingdom.

How is it spent, this money that will do so much for the eastern countries? Administration costs are rising by 28 per cent. between 2004 and 2013, to £34 billion. Between 2000-06 and 2007-13, the common agricultural policy budget has risen by 12 per cent. The hon. Member for Glasgow, South-West made a good point about the need to return structural funds to member states, a point also made by the Prime Minister in the past, but that has not happened either: it is another failed negotiating objective.

The accounts, of course, have been rejected by the Court of Auditors for the last 13 years. I say that fearing that I may aggravate the hon. Member for Grantham and Stamford, who became very worked up about the allegations, saying that this was nothing to do with the Commission. I refer the hon. Gentleman to the European Scrutiny Committee report's summary of the statement of assurance produced by the Court of Auditors. It gave as an example of a reservation

"the incidence of omissions and double or wrong postings"

in the Directorate-General for Education and Culture. It also referred to

"structural measures, internal policies and external action"

and said that

"payments are still materially affected by errors."

It expressed the view that the Commission and member states needed to make much greater efforts

"to implement adequate supervisory and control systems".

That applies not just to member states, but to the Commission.

Mr. Quentin Davies: Will the hon. Gentleman give way?

Mr. Gauke: I will, but I hope that the hon. Gentleman will not get too excited, as he did during his speech.

Mr. Davies: If the hon. Gentleman simply checks the Court of Auditors' report, he will find that there is no reserve on the Commission's accounts. They have been signed off unconditionally.

Mr. Gauke: I was quoting from the report of the European Scrutiny Committee, which summarised exactly what the Court of Auditors' report had said in criticising the Commission.

Mr. Simon: Will the hon. Gentleman give way?

Mr. Gauke: I want to make a little bit of progress. We are short of time, and the hon. Gentleman has not been present for much of the debate.

The Government have made a great deal of the fact that we are closing the gap with France. What they have not acknowledged is that the United Kingdom will pay more than 20 per cent. more net per head of population than the French will. We also hear the argument that the rebate will rise, an argument that was advanced by the Chief Secretary. But why will the rebate rise? Again, the hon. Member for Glasgow, South-West summarised it very neatly. Why do we have a rebate? Because we contribute more than we receive, and the rebate reduces the disparity to some extent. The bigger the disparity, the bigger the rebate.

The deal agreed by Tony Blair in December 2005 means that the disparity will get worse. Overall EU spending in cash terms is going up, but in the UK it is going down. Our net contributions increase, so our rebate increases. That is not a triumph for UK diplomacy;

it is because our negotiating objectives were not achieved that the rebate is increasing.

The other argument that we heard, advanced by Tony Blair when he returned to the House of Commons following the Brussels summit, was that we would see reform of the common agricultural policy. Mr Blair said that President Barroso would begin a review of the EU's budget, including the CAP. He told the House of Commons that this would mean that

"it is then possible for changes to be made to this budget structure in the course of this financing period." —[*Official Report*, 19 December 2005; Vol. 440, c. 1564.]

However, when the consultation document for the review was published in December 2006, there was no suggestion that we would see any budget changes by 2013; in fact, quite the contrary. The document stated:

"It will take a long time horizon...to meet the challenges of the decades ahead. It will therefore not propose a new multi-annual financial framework for the period from 2014—this task will be for the next Commission—nor the overall size and detailed breakdown of the EU Budget."

Not only will the review not address the budget structure for this financing period, as Tony Blair promised; it will not address the next one, either, which takes us to 2020. Indeed, the failure to reform the CAP in 2005 will make it harder to reform it in future because, in the course of the next seven years, dependency on the CAP will increase in the accession states, and the desire to reform will be reduced. To repeat a point made by my hon. Friend the Member for Altrincham and Sale, West (Mr. Brady), it was not just the press, the Conservative party or Labour Back Benchers who were critical of this deal, but the then Chancellor and current Prime Minister was also very critical. *The Sunday Times* reported how he was "quietly fuming". It said:

"It is understood that despite being 3,000 miles away, the chancellor was ready to make himself available to discuss details of the deal".

Mr. Simon: Will the hon. Gentleman give way?

Mr. Gauke: No, I am going to finish. I think we know how that was understood.

The report continued by stating:

"It is likely that Brown would have insisted on getting more categorical assurances out of the French that they would cut farming subsidies before giving up part of the rebate and agreeing to boost Britain's contributions to the EU."

Mr. Simon: They make that stuff up.

Mr. Gauke: Well, let us not then just take the words of *The Sunday Times*; why do we not take the words of the then Economic Secretary to the Treasury, now the Secretary of State for Children, Schools and Families—and probably next week the Chancellor? He told BBC radio about how the then Chancellor was going to flex his muscles. He said:

"What we will see is Brown the tough negotiator who will stand up for Britain's interests, who's willing to say 'no' when 'no' is the right thing to say."

He went on to praise Baroness Thatcher:

"There was a phase on the European budget where she stood up for Britain's interests and got a much better, fairer outcome."

He also said:

"Going to an international meeting, the easiest thing to do is draft a fudge communiqué and go home, but if you want to make change, that's not good enough"

and

"the people who are banging the table and saying 'It's not good enough, we've actually got to do something', they're the change makers".

So what happened when that tough negotiator and change maker—the Prime Minister—went to Brussels to claim back some of the rebate? What did he achieve banging the table in order to get a fairer outcome? Nothing. The preparations had been made, the Secretary of State for Children, Schools and Families was urging him on, battle was set to commence, and at the first sign of difficulty the Prime Minister bottled it—not for the last time. The fact is that for all his talk of being a tough defender of Britain's interests in Europe, this is just an excuse for briefing against the previous Prime Minister and now the current Foreign Secretary. He might invite Baroness Thatcher around to No. 10 and he might invoke her name before negotiations, but when it comes to defending British interests he is not fit to pour her tea.

This Parliament can defend our interests by voting down the Bill. We would save the country £7.4 billion, which is almost £11.5 million for every constituency in the country. Every Member who votes for the Bill tonight should remember that statistic; they might be reminded of it from time to time. Some have said that this is a done deal and that Parliament should not have a say. They are the same people who say that the European reform treaty should be debated fully in Parliament and that the people should not have a say. We are entitled—

Mr. Simon: Will the hon. Gentleman give way?

Mr. Gauke: No. We are entitled—

Mr. Simon: Will the hon. Gentleman give way?

Mr. Gauke: No. We are entitled to vote this down. Under article 269 of the European Union treaty this deal constitutes a recommendation, which then needs to be adopted by member states. It is a bad deal for Britain: it loses us part of our rebate, it fails to reform the common agricultural policy, and it weakens our negotiating position for the next time. Tonight, we should take the opportunity to reject this recommendation and to defend Britain's interests by voting against the Bill.

9.43 pm

The Economic Secretary to the Treasury (Kitty Ussher): We have had an interesting debate in which several Members, not least the hon. Member for South-West Hertfordshire (Mr. Gauke), have shown their true prejudices for all to see. I feel that we have been here before and that no doubt we will be here again. The highlight for me was the contribution of our new friend, my hon. Friend the Member for Grantham and Stamford (Mr. Davies), who gave an excellent speech. Opposition Members said they would not take him back; we are not letting him go as he is able, in a way that no one else is, to speak with inside knowledge about the Conservative party's sheer hypocrisy on European Union matters. He

[Kitty Ussher]

said that the Opposition parties' purpose was to defeat this Bill in order specifically to cause a constitutional crisis in Europe, which is what they want.

We have heard a lot of facts and figures this evening, so let me start by explaining the true ones. This is a good package for Britain. The abatement is preserved—*[Interruption.]* Of course it is; it is in writing in the own resources decision, which states:

"The European Council of 15 and 16 December 2005 concluded that the correction mechanism in favour of the United Kingdom shall remain".

I have it here in black and white. It continues:

"However, after a phasing-in period between 2009 and 2011, the United Kingdom shall participate fully in the financing of the costs of enlargement, except for agricultural direct payments and market-related expenditure".

The rebate as a whole will remain. It has not been signed away and will remain in full on the common agricultural policy across old and new EU member states and on all spending in the EU 15. It is right that we pay our share towards reconstruction in eastern Europe and it is in our national interest to do so. Not only that, our abatement is worth more in this budget round than in the previous one. We will get back €40 billion, which is an increase on the €34.5 billion in the previous round. Over the period, Britain and France will contribute roughly the same, which Conservative negotiators never achieved. The net contributions of France and Italy will rise twice as fast as ours.

Under this deal, the EU budget as a whole has fallen below 1 per cent. of European Union gross national income, which is a saving of €160 billion compared with the Commission's original proposal. The deal that we agreed is 20 per cent. less than the last budget agreed when Conservatives were attempting to negotiate for the Government. In 1988, the then Government signed up to a deal that saw the budget grow by 17 per cent. over five years, and in 1994 they signed up to a budget that was shown to grow by 22 per cent. We have signed up to a budget for an enlarged EU that will grow by a mere 7 per cent., working in the national interest.

We have secured a commitment to a fundamental review of the budget. The CAP, which was two thirds of the budget in the mid-1980s, will no longer be the largest part of the EU budget. The value of the CAP will start to fall in real terms from this year, from €55 billion to €51 billion by 2013. That has been negotiated by this Government. The budget now gives help to the new member states of eastern Europe, which need it most. It is in the national interest to pay our fair share of the cost of enlargement.

I want to refer to some of the questions and contributions in this evening's debate. The hon. Member for Falmouth and Camborne (Julia Goldsworthy), who speaks for the Liberal Democrats, said that she wanted a debate on EU membership. She accepted that CAP reform was going the right way, but then she confirmed that she will vote against the Bill. The Liberal Democrats are, as always, trying to face two ways at the same time. She said that it would have been better to have had no agreement than to have the agreement reached in 2005, and other Opposition Members tried to make the same point.

It was essential to have a December 2005 deal to allow the new member states to start preparing to use EU funds and to avoid the European Parliament, in the absence of such a deal, setting annual budgets under existing funding arrangements that, just to give one example, would have cost Poland about two thirds of its EU funds. Reaching no deal would have betrayed our support for enlargement. Perhaps the Opposition parties' support for no deal betrays their lack of support for enlargement.

The hon. Member for Falmouth and Camborne said that Cornwall is still a very poor area. We are happy that it will continue to be supported. Cornwall and the Isles of Scilly will receive €430 million in convergence expenditure in the current financial perspective.

My hon. Friend the Member for Luton, North (Kelvin Hopkins) made a number of points. I do not agree with all of them, but I was grateful for his contribution. He said that the CAP and structural and cohesion funds should be nationalised. On the CAP, the Government's policy is the abolition of market support and direct payments. On structural and cohesion funds, as set out in 2003, it is our policy that wealthier countries should be responsible for their own regional policies. SCFs should be targeted on the poorest and, as a result of the deal that we secured in December 2005, 250 per cent. of structural and cohesion funding expenditure will go to new member states.

The hon. Member for Altrincham and Sale, West (Mr. Brady) succeeded in emptying the Public Gallery, and I lost the will to live at some points in his speech. He said that the House was having the chance to debate the Bill only as the deal comes into force. That is not the case: the own resources decision will not come into force until it is ratified by all member states, and I hope we will do so very shortly.

Mr. Brady: The Economic Secretary says that the deal is good for Britain, so why did the then Chancellor—now Prime Minister—seek to reopen the arrangements that had been reached once the deal had been agreed?

Kitty Ussher: He did not do that. The own resources negotiations that took place after December 2005 implemented the deal. The hon. Gentleman should not believe everything that he reads in the newspapers.

The hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) asked why the UK should bail out countries including those in the Balkans, Ukraine and Georgia. Why should we give up the abatement, he asked, when public finances are stretched? I support enlargement—I am not sure whether Opposition parties do—and I am clear that the investment in new member states will be to the economic benefit of the UK. It will facilitate trade. In 2006, British exports to the countries that acceded in 2004 had risen by 36 per cent. in the first full year after accession. That means jobs and growth in the constituencies of all hon. Members.

I listened with respect and interest, as always, to my hon. Friend the Member for Great Grimsby (Mr. Mitchell), although I did not agree with everything he said. He made the point that the CAP would increase in real terms, but that is not the case. A lot of erroneous numbers have been flying around this evening. As I have just said, in 2007 the CAP will be worth €55 billion, but

it will reduce to €51 billion by 2013 in the prices of that year. I also do not agree with my hon. Friend that we would be better off out. With 55 per cent. of our total trade being with the EU—3 million jobs and inward investment—being in the EU gives us peace, prosperity and productivity growth.

The hon. Member for Wokingham (Mr. Redwood)—

Mr. Redwood: Right hon.

Kitty Ussher: I do apologise. The right hon. Gentleman made, as always, an eloquent speech, but one that was economical with the facts. He said that there would be an additional £70 billion cost to the UK in this budget period, and the hon. Member for Wellingborough (Mr. Bone) made the same error. That is not the case. The numbers that the right hon. Gentleman mentioned are the total gross costs—our total contribution—and they do not account for budget receipts, and they certainly are not the additional costs of this agreement. The right hon. Gentleman tried to imply that the cost would be double the actual figure.

The hon. Member for Wellingborough also said that UK trade with the EU has declined from 35 per cent. to 25 per cent. No, 55 per cent. of British trade is now with the EU.

Mr. Gauke: The Economic Secretary disputes the figures given by my right hon. and hon. Friends for the additional cost of the changes to the rebate. What is her estimate of the additional cost as a consequence of the agreement deal?

Kitty Ussher: The deal is as set out by my right hon. Friend the then Chancellor, which is that the UK abatement will be disapplied by a maximum of €10.5 billion. There has been no change to that. I set out the estimated extra costs of the December 2005 agreement in an answer to a question from my right hon. Friend the Member for West Dunbartonshire (John McFall) on 20 December 2005.

Mr. Redwood: Will the hon. Lady give way?

Kitty Ussher: I cannot give way. I have already responded to the right hon. Gentleman's points. I listened—[Hon. Members: "Give way".]

Mr. Speaker: Order. The hon. Lady is not giving way.

Kitty Ussher: I listened to the speech made by the right hon. Member for Wokingham. I have responded to the points he made and I have only six minutes to answer everything else.

As always, I listened with interest to my hon. Friend the Member for Glasgow, South-West (Mr. Davidson). He asked why Luxembourg and Belgium came out well in the figures: that question was also put by Opposition Members. It is mostly due to administration spending; the EU institutions are physically located in those member states so they receive what looks like a larger share, but it is not comparable to the other figures.

I was grateful to my hon. Friend the Member for Llanelli (Nia Griffith) for her good and well-rounded speech. Given the points made by Opposition Members, I think we should have had a few more such speeches.

Rob Marris: May I put to my hon. Friend the question I put to our right hon. Friend the Chief Secretary earlier? Does she agree that when it comes down to it there are two core issues, both of which are good for our country? First, are we in or out of the EU? We should be in—it is good for our country. Secondly, do we agree—I think we should—with the principle of redistribution of wealth to eastern Europe? I think that is a good thing for our country. Those are the two questions.

Kitty Ussher: I could not agree more. I shall now make my concluding remarks.

Mr. Redwood: Will the hon. Lady give way?

Kitty Ussher: The right hon. Gentleman is very persistent but I am not giving way.

It would be remiss of me not to mention the excellent speech of my right hon. Friend the Member for Rotherham (Mr. MacShane). He displayed his great knowledge of the subject and reminded us that it was Baroness Thatcher who, in this place, set out the case for enlargement. He urged Opposition Members to become a little more Thatcherite. That sounds like a good idea, because by voting against the Bill Members of both Opposition parties will, in effect, be voting to take money away from east European countries; yet the Leader of the Opposition, the right hon. Member for Witney (Mr. Cameron), said in the House on 23 February 2003:

"Enlargement of the EU is wholly welcome."—[*Official Report*, 13 February 2003; Vol. 399, c. 1023.]

The Opposition support enlargement on one hand, yet they do not will the means for it to happen with the other. Is not that strange? We can only presume why.

I presume that the Conservatives need to make money from the accession of eastern European countries to plug the £6 billion hole in their public finances—

Mr. Redwood *rose*—

Kitty Ussher: I am not giving way.

Perhaps the Conservatives will use the money that would have gone to reconstruct the former Soviet bloc to pay for removing inheritance tax from millionaires—they have no other way of paying for it.

The crux of the debate is that if the rebate was not disapplied for eastern Europe, the UK would have a windfall from the accession of eastern European countries. That is akin to a transfer from the poor to the rich. It may appeal to Opposition Members but it certainly does not appeal to me.

The Conservatives say we could spend the money on doctors, nurses and teachers. I say that under the Labour Government we can invest in public services and do the right thing by Europe. It is in our national interest to do both. When eastern Europe prospers, so do we. It is good for Britain to be in a market of 500 million consumers. British exports to eastern Europe are rising dramatically. Our firms are investing there, and as they grow we shall grow, too.

The shadow Chief Secretary got a bit carried away over the weekend and put out a press release saying that we were disapplying the rebate with nothing in return. Does he call enlargement nothing? I call it peace, prosperity and in our national interest.

Question put, That the Bill be now read a Second time:—

The House divided: Ayes 312, Noes 215.

Division No. 005] **[9.59 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hosie, Stewart
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salmond, rh Mr. Alex
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard

Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Frank Roy and Steve McCabe

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Godsiff, Mr. Roger
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Hopkins, Kelvin
Horam, Mr. John
Horwood, Martin
Howarth, Mr. Gerald
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mr. Roger
Williams, Stephen
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Nick Hurd and Jeremy Wright

Question accordingly agreed to.

Bill read a Second time.

EUROPEAN COMMUNITIES (FINANCE) BILL (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(7) (Programme motions),

That the following provisions shall apply to the European Communities (Finance) Bill:

Committal

1. The Bill shall be committed to a Committee of the whole House.

Proceedings in Committee, on consideration and Third Reading

2. Proceedings in Committee, any proceedings on consideration and proceedings on Third Reading shall be completed at one day's sitting.

3. Proceedings in Committee and any proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

4. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion one hour after the commencement of those proceedings or at the moment of interruption on that day, whichever is earlier.

5. Standing Order No. 83B (Programming committees) shall not apply to proceedings in Committee and on consideration and Third Reading.—*[Mr. Watson.]*

Question agreed to.

EUROPEAN COMMUNITIES (FINANCE) BILL *[MONEY]*

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the European Communities (Finance) Bill, it is expedient to authorise the charging on, and payment out of, the Consolidated Fund or the National Loans Fund of any sums which, by virtue of the amendment of the European Communities Act 1972 made by that Act, fall to be charged on or paid out of either of those Funds.—*[Mr. Watson.]*

Question agreed to.

COMMITTEES

Ordered,

BUSINESS, ENTERPRISE AND REGULATORY REFORM

That Richard Younger-Ross be discharged from the Business, Enterprise and Regulatory Reform Committee and Mr. Mike Weir be added.—*[Tony Cunningham, on behalf of the Committee of Selection.]*

Mr. Speaker: If it is convenient for the House, I shall take the similar motions 5, 6 and 7 together.

Ordered,

COMMUNITIES AND LOCAL GOVERNMENT

That Martin Horwood be discharged from the Communities and Local Government Committee and Andrew George be added.

INTERNATIONAL DEVELOPMENT

That Mr. Quentin Davies be discharged from the International Development Committee and Jim Sheridan be added.

PUBLIC ACCOUNTS

That John Healey be discharged from the Committee of Public Accounts and Angela Eagle be added.—*[Tony Cunningham, on behalf of the Committee of Selection.]*

PETITIONS

Police Funding (North Yorkshire)

10.16 pm

Miss Anne McIntosh (Vale of York) (Con): It is a great honour—*[Interruption.]*

Mr. Speaker: Order. The hon. Lady is presenting a petition. Members should leave the Chamber quietly.

Miss McIntosh: I beg to submit this petition, which it is an honour to present in the names of Gareth Dadd, Derek Adamson and Mark Robson. It expresses their concern about the proposed police funding formula review and its impact on policing in North Yorkshire. North Yorkshire is one of the most rural counties in the country and rural policing poses one of the biggest challenges. That should be reflected by an increase in the police funding formula. Any proposed cuts in rural policing to divert funding to urban, Labour-controlled areas, would be totally unacceptable.

The petition states:

The petition in the name of the said Gareth Dadd and others shows that they fear that the proposed police funding formula will result in cuts. They wish to see their entitlement to fair and equitable funding for North Yorkshire.

Following is the full text of the petition:

[The Humble Petition of Mr G. Dadd of North Yorkshire County Council and Black Bull Inn, Thormanby, York, North Yorkshire and others of like disposition,

Sheweth

That they fear the proposed Police Funding Formula review will result in cuts of £10m, £16m, and £19m in years 1, 2, and 3 respectively will mean cuts of 300 Officers or a massive change to local Council Tax payers. We wish to see our entitlement to fair and equitable funding for North Yorkshire.

Wherefore your Petitioners pray that your Honourable House urges the Government to withdraw the proposed Police Funding Formula review.

And your Petitioners, as in duty bound, will ever pray, &c.]

[P000056]

Post Office Closures (Shipley)

10.17 pm

Philip Davies (Shipley) (Con): On behalf of my constituents, I present a petition about their concern about the proposed closure of post offices in their local area. I support the petition wholeheartedly, and I pay tribute to my constituent Andrew Rowley, who virtually single-handedly collected in Shipley constituency the almost 3,000 signatures on the petition.

The petition states:

The Petition of the residents of the Shipley constituency and the surrounding area,

Declares that the Petitioners are extremely concerned at the threat of closures and the removal of public services to the post offices in the Shipley constituency and believe that this is a pressing public service priority within the Bradford district.

The Petitioners therefore request that the House of Commons calls upon the Government to recognise the importance of the post office to the local community and to other businesses in the Shipley constituency and to ensure that the Post Office honour their promise to maintain sufficient post offices and services in the Shipley constituency.

And the Petitioners remain, etc.

[P000058]

Rail Services (Northampton)

10.18 pm

Ms Sally Keeble (Northampton, North) (Lab): I present this petition on behalf of my constituents and those of the hon. Member for Northampton, South (Mr. Binley). It is about the train timetable changes in Northampton, which result in our losing our most important train of the day—the 7.12 am fast train bringing commuters to London.

The petition states:

The Petition of residents of Northampton and people who use the local rail services,

Declares that there is serious concern about the proposal in the draft 2008 timetable to end the 7.12 fast train to London which is the main train service used by commuters who work in London.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Transport to reinstate the fast train service from Northampton to London at 7.12 am.

And the Petitioners remain, etc.

[P000062]

Ambulance Control Centre (Shrewsbury)

10.19 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I present to the House a petition with 16,000 signatures of my constituents who are concerned about the proposed closure of the ambulance control centre in Shrewsbury. One of my constituents, Mr. Steve Jetley, has worked tirelessly and feels so strongly on this issue that he has resigned his job to focus on the campaign. Many people have been trying to get as many signatures as possible, feeling passionately that Shrewsbury and Shropshire should retain our ambulance control centre.

The petition states:

The Petition of those concerned about the proposed closure of the ambulance emergency operations centre in Shrewsbury,

Declares that the Petitioners condemn the proposed closure of the ambulance emergency operations centre in Shrewsbury, and are also deeply concerned about the possible loss of 16 fully trained ambulance control centre staff jobs.

The Petitioners therefore request that the House of Commons urges the Department of Health to instruct the west midlands ambulance service to guarantee the continuation of control services in Shropshire.

And the Petitioners remain, etc.

[P000061]

Southampton and Bournemouth Airports

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watson.]*

10.21 pm

Sir George Young (North-West Hampshire) (Con): I welcome this opportunity to raise in the House my constituents' concern about proposals for a new flight path into Southampton and Bournemouth airports. NATS—National Air Traffic Services—has proposed additional controlled airspace from Newbury to Romsey, where aircraft may fly as low as 5,500 ft. Flights would be permitted between 5.30 in the evening and 9.30 in the morning. At this stage, the proposal would only affect inbound flights from next April, but if approved it could be extended to outgoing and therefore noisier flights. Indeed, the document says:

"Bournemouth outbounds may also be positioned in this space."

There seems to be no scope for limiting the number of movements using controlled airspace once it has been designated. The proposals have been opposed by Hampshire county council, Basingstoke and Deane district council, 18 parish councils, the council of partners of the North Wessex Downs area of outstanding natural beauty, New Forest national park authority and the Campaign to Protect Rural England. I am grateful to Professor Johnnie Johnson and Alan Cox of Ashmansworth parish council and to councillors Horace Mitchell and Clive Sanders for their work in challenging these proposals.

Despite those powerful objections—more than 500 were made—NATS has asked the Civil Aviation Authority to accept the proposals without amendment later this month. In a letter dated 2 October, the Minister, whom I welcome to the Dispatch Box, told me:

"the change sponsor must submit a report to the CAA who will consider the proposal against regulatory requirements. As appropriate, this might include seeking the views of the Secretary of State for transport on environmental matters."

I will show that those regulatory requirements have not been kept to. This evening's debate is apt because at the end of this month the CAA is due to take a decision, in which the Minister has a role, and today the Prime Minister sought to underline his Government's environmental credentials.

There are two questions. First, was the consultation process fit for purpose? Secondly, has the case for change been made? First, on process, what NATS did might have been appropriate some 20 years ago, when concern about environmental issues was lower, there was less commitment to consulting and getting feedback, and parish councils were less engaged in the planning process. We lived then in a less participatory society. But today, when there is a proposal such as this, that process is no longer fit for purpose. MPs should be offered a briefing in the House, NATS should write directly to parish and town councils, the document should be intelligible and conform to recent guidelines, and NATS should be prepared to put on roadshows for those who want them.

Mr. Michael Ancram (Devizes) (Con): I congratulate my right hon. Friend on securing this debate on a matter that affects large parts of his constituency and only a small part of mine, around the villages of Ham

[Mr. Michael Ancram]

and Shalbourne, although the people there are very concerned. Does he agree that the real outrage about what is happening is that whereas a local planning authority can, as has happened in such cases, stop noise pollution in areas such as Ham and Shalbourne in relation to glider launches or motocross, when something of this sort is proposed there is no local control at all over what happens?

Sir George Young: My right hon. and learned Friend is absolutely right. There is less protection for what may be a noisier development than there is for the developments that he has just described. Indeed, he has put his finger on a point that was in the Government's White Paper, "A better quality of life—strategy for sustainable development in the UK". That proposed more openness, transparency and accountability in the decision-making process. I am grateful to my right hon. and learned Friend.

In May, a document landed on my desk, entitled "Terminal control south west airspace development", which I nearly binned because I do not regard North-West Hampshire as being in the south-west. It came with a letter dated 4 May, containing a list of organisations that the CAA had identified for consultation, which included MPs. It said:

"Identified organisations are requested to cascade this information to related groups as deemed necessary."

In other words, responsibility for consulting the parish councils was subcontracted by NATS to local MPs. Although local authorities also had that obligation, none of my parish councils were notified by them, and NATS made no attempt to see if the cascade they asked for had taken place. Indeed, one parish councillor e-mailed me on 8 August, two days before the consultation was formally ended, saying:

"It was only by chance, nearly two weeks ago, that a local resident, on browsing the web, discovered that consultation was taking place. On investigation, it was clear that no Parish or Town Councils, local residents, or even Borough or County Councillors in the area north of Ashmansworth had heard of the proposals."

The document flies in the face of the January 2002 Department for Transport guidance to the CAA, CAP725, which states that the formal proposal must include

"the options that have been considered, including the 'do nothing' option."

But there was no assessment in the document of other options. That point was well made by Basingstoke and Deane borough council, which said:

"It would also aid our consideration of these proposals if you will please provide details of the alternative options that were considered by NATS. The CAA Guidance states that this information should have formed part of the original Consultation document. It would also be helpful to have further detail regarding the pattern and nature of the delays (current and anticipated) that are intended to be alleviated or mitigated by the proposed extension".

That was written on 10 August and it got no answer, so it wrote again, saying:

"it is disappointing that we have received either no further information at all (as regards the pattern and nature of delays that are intended to be alleviated or mitigated by the Consultation) or inadequate information (as regards alternative options—your response dated 17 August 2007 lists five other options that were dismissed—but there is no reasoning as to why they were dismissed."

On process, Hampshire county council was equally dismissive:

"We would also recommend an improved consultation process which sets out the alternatives and their implications for the matters of concern set out above. Until that time, the County Council is registering an objection to the proposed airspace extension."

There is no appeal against CAA decisions—unlike the other planning matters to which my right hon. and learned Friend referred—so it is particularly important that guidance be adhered to.

The document was not only incomplete; it was rather difficult to follow. Hampshire county council, a beacon authority, said this about it:

"The County Council and its local government partners are not resourced to determine specialist technical impacts in areas such as aircraft noise impacts, and this is a deficiency in the consultation documents. Equally the local community has been provided with little notice of the consultation and we believe that this is also a serious deficiency of the process."

Basingstoke and Deane council agreed:

"As mentioned in our 10 August letter, there is a very significant groundswell of local concern about NATS' failure to properly consult all Stakeholders and to produce a Consultation document written in plain English and readily understandable to those being consulted."

There is a map on page 5 of the document, in the section on noise impact, which implies that the land between Minstead and East Woodhay is flat, whereas some communities are 800 ft up, and are therefore closer to the source of noise from aircraft flying overhead.

The language used by NATS is at times impenetrable. Finally on the subject of process, the document is based on a rough estimate of the number of aircraft that might be directed down the new flight path, and on the current limited usage of Southampton and Bournemouth airports. However, both airports are scheduled for major expansion, and that fact is not reflected in the NATS assessment. Both airports currently have restricted night flying hours, which could easily change; in other words, flights might not stop in the new corridor at midnight.

Dr. Julian Lewis (New Forest, East) (Con): May I bring my right hon. Friend's attention to a point that concerns my neighbour, my hon. Friend the Member for New Forest, West (Mr. Swayne), and myself? The national park authority's briefing note on the issue says:

"NATS have repeatedly claimed that the proposed airspace is not associated with...expansion of services at any of the regional airports. This is contrary to their presentations to local authorities and the aviation industry".

NATS previously stated that

"one of the drivers for the airspace development is the anticipated growth at all the airports located in the South East region."

There seems to be a certain amount of dissembling going on.

Sir George Young: I am glad that I gave my hon. Friend a slot, so that his intervention could land safely. It was well made, and underlines the point that the new flight path, once granted, could cope with a greater volume of traffic than the one on which the consultation paper was based.

Those failures of process would be enough in themselves to invalidate the proposal for a new flight path. The Minister should make that clear tonight. However, when that is coupled with the second and substantive point—that the case for extending the airspace has not been made—the case for rejection becomes unanswerable. The consultation paper could not have been clearer:

"This airspace change aims to reduce the level of flight delays caused by an area of complex traffic interaction in the vicinity of the Compton VOR (a navigation beacon near Newbury)."

It continued:

"This situation causes the...airspace to be responsible for a high level of delay which in turn causes inconvenience... inefficiency...and...a negative environmental impact."

Later on we are told that the delay attributable to that is 15,000 minutes. The consultation paper says:

"It is NATS' duty under the terms of its operating licence to address this situation and prevent excess delays being generated in the future."

That is the case for change, but all attempts to get behind those figures were rebuffed. Ashmansworth parish council pounced on that weakness:

"The Consultation document claimed that the primary reason for the proposed changes was to minimise delay. We have requested a breakdown of these delays (such as extent and timing) to judge their significance, but have received no reply on this."

In a telephone conversation with NATS, one of my constituents was told that NATS was concerned with delays in flights going to Heathrow and Gatwick, as well as in those going to Southampton and Bournemouth. Fifteen thousand minutes sounds a lot; but it is the total delay for the whole year spread over every flight, which equates to about 10 seconds per flight. The proposals' impact on such delays might be even less, as the new flight path would operate for only part of the day.

That raises other questions. Could such delays be reduced in other ways, by altering the timing or sequence of flights? NATS has made no mention of technological developments that might well impact on aircraft spacing, allowing a higher density without changing the flight paths. Then there are some weasel words in the document. The proposals will not reduce the delay; they will

"reduce the potential for delay".

We are not told by how much the delay would be reduced if proposals go ahead. On that shaky, unsubstantiated and unquantified edifice rests the whole case.

By the time we got to the end of the consultation process, with the "Stakeholder Consultation Feedback", there was no mention of delays. In that document NATS shifted its ground and instead said:

"This proposed airspace development is aimed at reducing complexity within the TCSW region."

Ashmansworth parish council has pointed out that

"the recent response from NATS makes no mention of delays and refers only to a desire to reduce complexity, which appears not to be a valid reason in CAP 725, without giving any figures for present complexity or how it compares with other regions of the UK."

If the benefits are doubtful, the disbenefits are clear, and many are indeed conceded by NATS. The consultation document says:

"The worst case B747 aircraft in the airspace produced maximum noise levels of between 62 and 69 decibels. B737-300s destined for Bournemouth Airport will use this airspace several times per day"

and they produce

"noise levels in the range 61-63 decibels. This...contrasts with what the Government have just said about Heathrow."

This is what the Government said:

"One interpretation of this is that we could abandon the existing restriction on noise levels at Heathrow Airport of 57 decibels and above. But I believe it is right that we retain this as a safeguard for those most affected by aircraft noise."

There are also the downsides of noise, loss of tranquillity and visual intrusion, and the impact in villages quite high up on the north Wessex downs from civil aircraft where there are none at the moment. The proposed flight path covers highly environmentally sensitive areas—not only the north Wessex downs but the Test valley and the New Forest national park. Those who represent the North Wessex Downs area of outstanding natural beauty have made it quite clear that:

"The proposed changes would be detrimental to the special character and qualities of the area."

What should happen now? I believe that the Minister should tell the CAA that he is not satisfied with this exercise, and that NATS should go back to the drawing board. There is no urgency about this, and no critical issue of safety. I do not see how the Minister can just tick this one through. Basingstoke and Deane council has said:

"We would strongly recommend to NATS and to the Civil Aviation Authority that the Consultation be reopened—not only with a longer and more realistic time frame, but also with much more 'user-friendly' and understandable Consultation documents."

Hampshire county council agrees:

"In our view, the need for additional airspace has not been adequately proven since the benefits seem modest, and alternatives should be considered fully, including 'do nothing' and local stakeholders fully consulted on all the options. In considering these factors, NATS and the CAA should be mindful of the probable uptake of the available airspace by increased numbers of aircraft movements."

I look to the Minister tonight to restore the credibility and integrity of the consultation process, for which he is ultimately accountable, and to say that this is not good enough.

10.36 pm

Mr. Richard Benyon (Newbury) (Con): I should like to congratulate my right hon. Friend the Member for North-West Hampshire (Sir George Young) on securing the debate, and to thank him for the leadership that he has shown to me and to communities in my constituency such as Inkpen, Kintbury, Coombe and West Woodhay, and others that are alarmed by this proposal.

I want to take just a few seconds to reaffirm some of the points that my right hon. Friend has made. The consultation was undoubtedly flawed. When I received the document, I contacted National Air Traffic Services and asked it to send the document to every parish council in my constituency that would be affected. In a letter to me of 24 May, it refused to do so. I then contacted the parish councils and told them how to access the document via the internet. The problem was that the parish councils and members of the public

[Mr. Richard Benyon]

had access only to the online document, and they could not read the last appendix, which details the estimated altitude of flights over their villages. The councils were therefore denied the full information that they needed in this process.

My right hon. Friend mentioned that, according to the response document, 56 per cent. of responses were rejections and only 9 per cent. contained no objection at all. In the final submission, however, not one of the original proposals had been even slightly tweaked. There has been no real explanation of why this extra airspace is needed at night, or why there is a need for more flights. If flights do not have to go over the area during the day, there must also be an alternative for night-time flights.

My right hon. Friend made an important point about noise levels. The consultation document refers to the impact on people of the aircraft noise, which according to one appendix will be equivalent to that of a car travelling at 60 kph 7 m away. The document does not, however, distinguish between such noise occurring in an urban environment with a lot of traffic and in a tranquil, rural environment. Some of the villages that my right hon. Friend and I represent are also quite high above sea level.

I hope that the Minister will address the conflicting responses that we are getting, including in a letter from the Secretary of State about the effects on Heathrow. The 57 dB limit seems very important to her, and follows detailed analysis. We are now talking about a minimum of 61 dB, rising considerably higher with certain other aircraft. I hope that the Minister will respond to those points.

10.38 pm

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): I congratulate the right hon. Member for North-West Hampshire (Sir George Young) on securing the debate. Before I attempt to answer the points that have been raised, I would like to restate that sustaining economic growth and protecting the environment are at the heart of the Department's aviation policy-making processes. The policy that we set out in the 2003 air transport White Paper and reaffirmed in the 2006 progress report is in line with both the Stern report and the Eddington study. We recognise that a balance must be struck between tackling environmental challenges, enabling people to fly and allowing the industry to compete internationally. As a former distinguished Transport Secretary, the right hon. Gentleman will know that the role of any decision maker on airspace changes is to find the right balance in going forward.

Turning to the ongoing terminal control south west airspace change development, I would like to make it clear at the outset that that proposal is still subject to the Civil Aviation Authority's independent airspace change process. As part of the regulatory process, the CAA might consider seeking the Secretary of State's view on environmental aspects of the proposal and also seek her approval for the change. As such, it would be inappropriate and premature for me to offer comment on the specifics of the proposal while it is still subject to the rigours of this independent regulatory review process. I apologise to the right hon. Gentleman for not being able to offer the more substantive response that I know he wanted me to make.

That being said, I think that it would be helpful if I summarised the sequence of events to date and provided clarity on the process of airspace change. In May this year, National Air Traffic Services began a 14-week public consultation on proposals to extend a portion of airspace termed the terminal control south west airspace development. The consultation was undertaken in accordance with CAA guidance. I shall turn to the details of the CAA's airspace change process in a few moments, although I acknowledge that the right hon. Gentleman and his right hon. and hon. Friends have expressed strong views about the validity of the process.

Sir George Young: I am sorry to arrest the Minister in mid flight, but would he be concerned if the guidance that his Department had set out, which needs to be pursued for proposals such as this one, had not been followed?

Jim Fitzpatrick: I will express my view about the guidance in a few moments. At the moment, the best I can offer are the words that I have just used: I fully acknowledge the strong comments of the right hon. Gentleman and his right hon. and hon. Friends about the validity of the process. That is clearly on the record this evening.

Following a large number of replies received near the end of the consultation period, NATS extended the consultation into the middle of September. That was done to ensure that all interested parties were given adequate opportunity to comment. NATS then undertook an analysis of all responses, which was forwarded to all who responded to the consultation and has been placed on the NATS website. That analysis, along with all consultation materials, was then submitted on 21 September by NATS to the CAA for regulatory review. The CAA will give regulatory approval for the airspace change only if all regulatory requirements are met. I understand that the CAA's decision is expected in January 2008. If approved, the proposed change would be implemented on 10 April 2008.

I have stated already that it would be inappropriate for me to comment on the specifics of the proposal at this stage, but I would like to take this opportunity to restate NATS's aims for the development. NATS stated in its consultation materials that the proposed development aims to enhance the safety and efficiency of air traffic control procedures. I know that the right hon. Gentleman will agree that aviation safety must remain paramount. The UK air transport industry, and NATS in particular, has an excellent safety record, and accident rates have stayed low despite a rapid rise in traffic levels, although we must never rest on our laurels. That is why NATS constantly reviews its airspace management and makes proposals for airspace changes where it believes them necessary. In the case of terminal control south west, NATS believes its proposals will reduce air traffic control complexity, reduce the work load on individual controllers, reduce delay and bring efficiencies to all aircraft passing through the region.

It is important that I emphasise that the NATS proposal is not associated with, and will not enable expansion of, services at Bournemouth or Southampton airports or at any other airport in the region. I recognise, as I have already made clear, that the right hon. Gentleman has concerns about the consultation process, but the CAA, as owner of the airspace change process, has advised that the consultation process has been conducted in accordance with its guidance.

I think that it would be helpful to set out the process for delivering airspace change. The CAA must manage the airspace to meet the needs of all users, having regard to national security and economic and environmental factors, while maintaining a high standard of safety. The process for making changes to airspace is governed by the CAA's airspace change process, known as CAP725.

Following review and consultation, a revised version was published in March 2007. The new guidance provides greater clarity on the roles and responsibilities of an airspace change sponsor such as NATS and of the independent regulator, the CAA. It also provides greater detail about the activities of a consultation exercise and the environmental assessment of any proposed change. A change sponsor is responsible for developing and consulting about a proposal and ensuring that it satisfies and/or enhances safety, improves capacity and mitigates, as far as is practicable, any environmental impacts in line with the Department's environmental guidance to the CAA.

Mr. Benyon: Does the Under-Secretary agree that, when something that is so important for communities throughout the country is happening, it should not be for Members of Parliament to cascade information? We are not experts. One had to get to page 40 before reaching the meat of the document. I am sure that NATS followed the regulations, but the regulations are clearly at fault.

Jim Fitzpatrick: Later in my text, I will refer to the fact that lessons are always learned from each process. The comments that the hon. Gentleman and his colleagues have made this evening are now clearly on record and I would be surprised if they were not noted.

The CAA assesses a formal airspace change proposal against regulatory requirements, including environmental objectives, and either approves or rejects it. It is only when the CAA considers that a proposal might have a significant detrimental effect on the environment that it is required to advise the Secretary of State for Transport of the likely impact. It must also advise of plans to keep that impact to a minimum and to refrain from making the airspace change without first securing the Secretary of State's approval.

Let me be plain: airspace changes are made only when it is clear, after consultation, that an overall environmental benefit will accrue, or when the airspace management considerations and the overriding need for safety allow for no practical alternative.

The right hon. Member for North-West Hampshire and his colleagues also mentioned aircraft noise. I recognise that, locally, noise is a significant issue. That is why the CAA's revised guidance on the airspace change process includes substantive guidance on a range of environmental requirements, including noise, air quality, tranquillity and visual intrusion. In practice, it would be impractical to prevent widespread over-flying of areas of outstanding natural beauty or national parks in the south of England or elsewhere.

I cannot offer comment on the terminal control south west airspace development while it remains subject to CAA scrutiny under its independent airspace change process. However, I emphasise that the consultation has been conducted fully in accordance with the CAA's guidance and that that guidance was recently reviewed and strengthened to provide clarity on roles, consultation activities and environmental assessment. However, as with all guidance, it remains a living document. That is why the CAA and NATS have welcomed comments on the current consultation to help their planning for any future such consultations.

Sir George Young: I sense that the Under-Secretary is about to touch down. Surely if a national park authority makes representations against a proposal such as the one that we are considering, he would expect the CAA to touch base with a Department before ticking it through?

Jim Fitzpatrick: I have outlined as best I can the way in which the process works and that it is a matter for the regulator—in this case, the CAA—to make the assessment. It has to satisfy itself that the change cannot be practically done other than in the way that has been proposed for safety reasons, or that it does not impinge on the environment, as I described. Given the number of objections that Conservative Members have outlined and that have been submitted to the proposal, I would be surprised if the CAA did not fully take on board the strength of feeling and the objections raised for scientific, environmental or other reasons. However, it is not my job to pre-empt or anticipate the conclusion of the review of the regulator, who has the expertise, scientific advice, knowledge and experience to make those decisions. The structures were put in place long before I came to the Department. I have confidence that they will deliver the right results for UK plc and take into account all the issues that were raised in the consultation process.

I fully acknowledge the criticisms and concerns raised by the right hon. and hon. Gentlemen about the cascade process, and about other aspects of the consultation that they do not believe have been robust enough. As I said, I would be very surprised if those comments were not taken on board elsewhere.

Finally, I want to repeat my reassurance to the right hon. Member for North-West Hampshire that airspace changes are made only where it is clear, after consultation, that an overall environmental benefit will accrue, or where the airspace management considerations and the overriding need for safety allow for no practical alternative. I am sure that the record of this debate will be noted by all the organisations involved in, interested in or affected by the proposed airspace change process.

Question put and agreed to.

Adjourned accordingly at ten minutes to Eleven o'clock.

House of Commons

Tuesday 20 November 2007

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

FOREIGN AND COMMONWEALTH OFFICE

The Secretary of State was asked—

Climate Change

1. **Mr. Mark Hendrick** (Preston) (Lab/Co-op): What contribution his Department is making to initiatives aimed at improving the effectiveness of co-ordinated international efforts to address climate change. [165617]

The Minister for Europe (Mr. Jim Murphy): The latest United Nations scientific report on climate change has shown that the scale and urgency of the challenge demands immediate international action. The Foreign and Commonwealth Office is working with Government partners, business and civil society—and through the European Union, the G8 and the UN—to mobilise international action on climate change.

Mr. Hendrick: Does my hon. Friend believe that, as a result of the UN intergovernmental panel on climate change conference in Valencia, there is a need for an effective price signal to cut greenhouse gases significantly, and that the Chinese and the Americans might be willing to use mandatory and binding targets, which could be agreed at the Bali conference in December?

Mr. Murphy: I am not sure that we are yet at the stage of the binding targets that my hon. Friend and many other Members would support, but in the context of world energy needs rising by 50 per cent. between now and 2030, there clearly is a need for concerted and immediate international action, particularly on China, which this year for the first time becomes the world's biggest carbon emitter. There is hope in the light of some of the work happening in China, and there is increasing pressure in the United States, partly driven by the findings of the Stern review, of course.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): In view of the Secretary-General's remarks last week that industrialised nations need to play a greater part in tackling climate change, what discussions is the Minister having with colleagues in other Government Departments—the Treasury, for example—so that international forums such as the Organisation for Economic Co-operation and Development and the World Bank continue to live up to the highest environmental standards?

Mr. Murphy: The hon. Gentleman is absolutely right—this issue requires a cross-government approach, just as it requires a concerted approach by Governments and business across the globe. We are working through the United Nations—we have participated in a leading way in the UN Security Council debate—and we are trying to ensure that the work of the UN, the G8 and the World Bank is co-ordinated. I am happy to discuss this issue in greater detail with the hon. Gentleman.

Mrs. Madeleine Moon (Bridgend) (Lab): China has coal reserves of more than 1 trillion tonnes, is producing 1.2 billion tonnes a year and is opening some 550 new coal-fired power stations. What consideration has been given to, and what discussions are taking place on, expanding clean coal technology and sharing it with the Chinese, so that we can cut their carbon dioxide emissions? Such efforts would also help us to meet our own targets.

Mr. Murphy: My hon. Friend has detailed knowledge of, and a long-held interest in, these issues. We are involved in a specific carbon capture and storage project in China, and wider efforts are being made regarding the intellectual property rights of climate change technology generally, so that such investment can be rewarded. Significant moves are therefore being made in China not just on coal, but on wider energy efficiency, and that is part of a continuing and growing international consensus.

Angus Robertson (Moray) (SNP): The Minister will be aware that the Scottish Government have more ambitious climate change targets than those set at Westminster, so I am intrigued by the following question. How will UK Ministers co-ordinate best practice, in order to ensure the best co-ordination of international efforts to address climate change?

Mr. Murphy: The hon. Gentleman makes an interesting point. Of course, if he and his party stopped opposing renewable wind energy schemes wherever they are proposed throughout Scotland, that would be a start. As I said to my hon. Friend the Member for Bridgend (Mrs. Moon), future investment is phenomenally important to the evolution of modern technologies. Many people who share an ambition for climate change technology would be puzzled—indeed, flabbergasted—by the Scottish Executive's budget announcement on cutting investment in Scottish universities.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): My constituents—and, I suggest, Members of the House—struggle to find independent and trustworthy information on green and carbon issues. Can I persuade my hon. Friend to open negotiations with Al Gore and our leading universities to create a green institute that could be the centre of such information for the world?

Mr. Murphy: As my hon. Friend is aware, the UK is the first country in the world to set legally binding targets for CO_2 emission reductions, and other countries are genuinely interested in incorporating that initiative into their own domestic legislation. Of course, there is more that we can do and I shall look into the specific issue that he raises, but it is a fact that the Foreign and Commonwealth Office has enabled 30 different visits by Stern to countries across the world, including Mexico, Brazil and countries in south-east Asia. They are very attracted to the research and analysis that Nick Stern has carried out.

Kosovo

2. **Sir Malcolm Rifkind** (Kensington and Chelsea) (Con): What recent assessment he has made of progress in the final status talks on Kosovo. [165618]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): The UK fully supports the work of the EU-Russia-US troika aimed at bridging the divide between Pristina and Belgrade on Kosovo's future status. Intensive negotiations are ongoing and will be concluded by 10 December. We share the UN Secretary-General's view that the status quo in Kosovo, which is unique by virtue of its tragic history, is unsustainable. I have met leaders of both sides in the dispute and I am working with EU colleagues on contingency plans to develop a constructive EU position.

Sir Malcolm Rifkind: Will the Foreign Secretary give a clear assurance that the United Kingdom Government will not recognise any premature declaration of independence by Kosovo before there is international agreement? Does he accept that to give such recognition would breach a Security Council resolution for which the United Kingdom voted and would conflict with the assurances that NATO gave Serbia at the time of the military action against that country? It would also have serious consequences with regard to the likely action by Republika Srpska and similar entities in Georgia, Azerbaijan, Moldova and other parts of the former Soviet Union.

David Miliband: The right hon. and learned Gentleman raises an important point. I can give him comfort in respect of the first half of what he said. I have made it clear to the Unity team, which represents Kosovo, its different parties and its Government, that it must work with the international community, because a chaotic and unplanned declaration by it would certainly not contribute to the sort of stability that we need. In respect of the second half of his question, resolution 1244, which forms the basis for UN action, for NATO action and for EU action, is very wide-ranging. As far as we are concerned, it allows us to proceed with the range of contingencies for which we have prepared. That legal base is an important part of this final piece of the Yugoslav jigsaw, which he knows well.

Mike Gapes (Ilford, South) (Lab/Co-op): What discussions is the Foreign Secretary having with the United States Administration to try to persuade them not to recognise precipitately a unilateral declaration of independence and to use their influence with the Kosovo Albanians to allow a little more time in the last hope of getting some agreement?

David Miliband: I confirm that in September I chaired a meeting of the Contact Group at the United Nations in New York, in which Condoleezza Rice, of course, participated. That meeting gave full support to the current 120-day process of negotiations and discussions, following, let us remember, 15 months in which the Ahtisaari team had been leading on the issue. It is an opportunity for all sides to engage responsibly with the troika representatives. Post-10 December, we must ensure that the international community sticks together on this issue. That is what my hon. Friend the Minister for Europe was talking about yesterday at the General Affairs Council of the European Union. I shall certainly remain in touch with the US Secretary of State on this issue.

Sir Peter Tapsell (Louth and Horncastle) (Con): Will the Foreign Secretary bear in mind that any appearance of a permanent separation of Kosovo from Serbia will lead to endless tension and instability throughout the Balkans, heightened by Russia's strong and understandable feeling of kinship with the Serbs?

David Miliband: The comment of the UN Secretary-General that the status quo is unsustainable is very important. The legitimate aspirations of more than 90 per cent. of the people of Kosovo for their nationhood to be represented—

Angus Robertson (Moray) (SNP) *indicated assent.*

David Miliband: I see that the Scottish National party representative is nodding his head. Every single person who has studied this issue emphasises that the situation in Kosovo is unique and results from the tragic circumstances of the 1990s—*[Interruption.]* Members cite all sorts of parts of the world, but the situation in Kosovo is unique, not least because of the way that Kosovo is currently governed by a UN resolution, which has unique characteristics. Although we must recognise the rights of the minority community in the north of Kosovo, we must address the legitimate aspirations of more than 90 per cent. of Kosovo's citizens.

Mr. Denis MacShane (Rotherham) (Lab): Will the Foreign Secretary assure the House that Britain's name and reputation will not be dishonoured or shamed by continuing to appease either Belgrade or Moscow, as happened in the 1990s, and by not allowing independence for the Kosovan people, who, first peacefully, then in a short military campaign, won their independence nine years ago, although they have not yet achieved it? Does he understand that it is in the interests of Serbia, which seeks to join both Europe and NATO, to let go of Kosovo? It is no more going to live under Serbian tutelage than Ireland will come back under English control or the Baltic states will come back under Russian control. Britain had a record of shame and dishonour in the 1990s in this area, and it must never be repeated.

David Miliband: I certainly agree about the terrible consequences of inaction in the early to mid-1990s. This is not about punishing Serbia, but about drawing a line under the terrible nationalist legacy of the 1990s. This process has been going on since 1999 in the UN and it is important that we see it through to a political conclusion.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): The whole House recognises the sensitivity of the situation in Kosovo and in the wider Balkans, and would also agree that we must ask Kosovan politicians not to rush to any unilateral declaration of independence. Does the Foreign Secretary accept that in return for that restraint the international community must not jettison the basic principles of the Ahtisaari proposals,

which seek to ensure the rights of the Serb minority and set out a path towards Kosovo's independence? Does he also agree that if Russia alone stands in the way of a new UN Security Council resolution, the rest of the international community must take the lead in swiftly recognising Kosovo under the terms of the Ahtisaari plans?

David Miliband: The short answer to the first part of the hon. Gentleman's question is yes. The Ahtisaari plan was a painstaking piece of work and it is very much on the table. If more can be done to guarantee minority rights in the north of Kosovo, it should be done, but any suggestion that the Ahtisaari plan should be taken off the table would be quite wrong.

Andrew Mackinlay (Thurrock) (Lab): In the Foreign Secretary's reply to the hon. Member for Kensington and Chelsea (Sir Malcolm Rifkind)—

Mr. William Hague (Richmond, Yorks) (Con): Right hon.—

Andrew Mackinlay: Don't interrupt me; you will upset my thought process. In the Foreign Secretary's reply, he referred to the legal basis, about which the UK is confident. In the Gracious Speech debate, he offered to share that legal advice with Opposition Front Benchers, and I shouted out, "What about the rest of us?" Will he disclose that information to the House? Yet again the Foreign Office is relying on legal advice that it has conjured up to buttress what might well be a foolhardy and reckless decision in respect of Kosovo, as well as a flouting of the UN.

David Miliband: When my hon. Friend says, "Yet again"—

Andrew Mackinlay: I mean Iraq—

David Miliband: I know. When he says, "Yet again", he answers his own question, because of course it is a long-standing position of all Governments that we do not publish Government legal advice—

Andrew Mackinlay: Dodgy legal advice.

David Miliband: It certainly is not dodgy legal advice. That is a slur on Government lawyers who do an honourable job and provide honourable advice.

Mr. Mark Francois (Rayleigh) (Con): The whole House will appreciate that we could soon be facing a serious situation in the Balkans. The Foreign Secretary referred earlier to contingency plans, so may I ask him what contingency plans have been put in place by the EU and NATO to address any potentially difficult effects that a declaration of independence by Kosovo might have on Bosnia and Herzegovina or Macedonia?

David Miliband: As the hon. Gentleman knows, there are 18 battalions on the ground in Kosovo. The most important contingency planning that we can do is to work with both sides to ensure that they behave in a responsible way that engages with the international community. He rightly raises the issue of Bosnia, and the most important thing that we can do there is to support the work of High Representative Lajcák, because his authority is key to continuing stability in Bosnia, where there are real tensions at the moment—as the hon. Gentleman rightly points out. It is important that the authority of the high representative is maintained.

Darfur

3. **Mr. David Drew** (Stroud) (Lab/Co-op): If he will make a statement on progress in the peace talks on Darfur. [165619]

The Minister for the Middle East (Dr. Kim Howells): The Government welcomed the start of the Darfur political process in Libya on 27 October. Although it is disappointing that some rebel leaders are not engaging, it is good that civil society groups are represented. The Government of Sudan's commitment to a cessation of hostilities is potentially significant, but the violence and humanitarian suffering continue. The Government call on all parties to engage fully, to be prepared to negotiate and to cease acts of violence.

Mr. Drew: I thank my hon. Friend for that reply, and congratulate the Government on the work that they are doing behind the scenes to try to provide some unity among the different groups who maintain their independence of mind. However, does he agree that it is vital that we do not give the moral high ground to those who intend to abstain from the peace talks? The best way to do that is to ensure that all members of civil society, including the Arabic people, are fully engaged in all the discussions that are going on. In that way, we will get a genuine peace settlement that will not unravel as the last one sadly did.

Dr. Howells: Yes, I agree, and I congratulate my hon. Friend on his commitment to the effort to build peace in Darfur. There will certainly not be peace there unless all the parties come to the table and all the issues are discussed. The peace process must be worked on systematically, and we cannot expect success if there is only occasional attendance at the occasional meeting. That approach has failed in the past, and will do so in the future.

Mr. Andrew Mackay (Bracknell) (Con): Many hopes were placed on the African Union forces coming into Darfur but, sadly, they have been largely dashed because of the Sudanese Government's refusal to agree to the make-up of the peacekeeping force. What else can the Government do to put further international pressure on Khartoum?

Dr. Howells: The right hon. Gentleman is right that that is one of the problems that has bedevilled any move towards peace in Darfur. We have worked with the Sudanese Government, and my right hon. Friend the Foreign Secretary has spoken at the UN about the need for Sudan to realise that there has to be an effective peacekeeping force there and not just one that is the most convenient for Sudan. That is an important point, and we shall keep on arguing it. If we get an effective peacekeeping force there, we may be able to turn from rhetoric into reality the Sudanese Government's new statements that they now want a peaceful outcome.

John Bercow (Buckingham) (Con): May I put it to the Minister of State that what is required is not a peacekeeping operation, but a peace-enforcement operation? Peace talks are necessary but they are not a sufficient condition of progress. Foot stamping by the Sudanese Government has so far prevented the necessary deployment, as my right hon. Friend the Member for Bracknell (Mr. Mackay) has observed, and that Government are now seeking to determine the peacekeeping force's precise ethnic composition. Given all that, can the Minister tell the House how optimistic he is, on a scale of one to 10, that the deployment will take place in Darfur before the genocide of Darfureans has been completed?

Dr. Howells: The hon. Gentleman has been passionate about this matter for a long time, and he will know that I am an optimist—one cannot be Minister for the Middle East without being that. There have been rather more encouraging moves in the past couple of months, and I very much hope that they will result in some progress towards what he accurately describes as a situation in which the peace is guarded. We can negotiate from now until the end of the century but, as the right hon. Member for Bracknell (Mr. Mackay) noted, there need to be effective troops on the ground who are able to discipline both state representatives and rebels. Both sides must be part of the peace process, or else it will not succeed.

Remembrance Service (Cenotaph)

4. **Mr. Lindsay Hoyle** (Chorley) (Lab): What discussions he has had with representatives of the overseas territories on arrangements for the service of remembrance at the Cenotaph. [165620]

The Minister for Europe (Mr. Jim Murphy): My right hon. Friend the Foreign Secretary has had no discussions with representatives of the overseas territories on arrangements for the service of remembrance at the Cenotaph. He lays a wreath on behalf of all the overseas territories at the service, and there are currently no plans to change that arrangement.

Mr. Hoyle: I think that my hon. Friend will accept that the Foreign Secretary has not served in any wars, and that we should allow the London representatives of the overseas territories to alternate the wreath-laying duties between them. Their people fought in the war, and it is to them that the wreath pays tribute. I am sure that the ego of my right hon. Friend the Foreign Secretary is not so great that he will refuse to give up the wreath-laying duties to representatives of the overseas territories.

Mr. Murphy: My hon. Friend is perhaps the greatest champion in this place of the rights of the overseas territories, in particular Gibraltar. We value the strong relations between Her Majesty's Government, Her Majesty the Queen and the overseas territories, whose representatives are regularly invited to events hosted by Her Majesty and her Government. I am sorry to disappoint my hon. Friend, with whom I often agree, but we have no plan to change the current arrangements at the Cenotaph.

Bob Russell (Colchester) (LD): I support the hon. Member for Chorley (Mr. Hoyle) in his question, so will the Minister confirm that the Cenotaph commemorates all people from the Commonwealth and the empire as was who lost their lives not only in world wars but in more recent conflicts? As this year is the 25th anniversary of the Falklands war, is not it time that the Minister had a word with his ministerial colleagues so that people from the island of St. Helena were awarded the south Atlantic medal, which has, so far, been denied them?

Mr. Murphy: I will of course bring the hon. Gentleman's comments to the attention of my right hon. and hon. Friends at the Ministry of Defence. I do not wish to upset him by championing the support of my hon. Friend the Member for Chorley (Mr. Hoyle) for the overseas territories, because the hon. Gentleman has a proud record in that matter, too. The current arrangements provide the correct balance: the central involvement of Her Majesty the Queen, the respect and honour shown in the act of national commemoration and the role played by the Foreign Secretary in laying a wreath on behalf of the overseas territories. We think that is the correct balance.

Iraq

5. **John Barrett** (Edinburgh, West) (LD): If he will make a statement on Government assistance to locally employed Iraqi civilians. [165621]

The Minister for the Middle East (Dr. Kim Howells): Our locally employed Iraqi staff have made an invaluable contribution, in very difficult circumstances, to the work of Her Majesty's Government in Iraq, and we owe them an enormous debt of gratitude. My right hon. Friend the Foreign Secretary set out in his written statements of 9 and 30 October our new policy of assistance to Iraqi staff. Eligible staff are now able to apply for assistance and a number have already done so.

John Barrett: What will the Government do to assist civilians whose lives will be at risk at the end of their duties to the UK? Will the Minister ensure that they are not left behind when our troops return home?

Dr. Howells: I give the hon. Gentleman an assurance that everyone who meets the criteria will be properly looked after and their cases properly assessed.

Keith Vaz (Leicester, East) (Lab): How many Iraqi interpreters or civilians assisting the Government and our forces abroad have been granted leave to enter the United Kingdom since the Foreign Secretary's welcome statement of 9 October? Will the Minister confirm that if anyone is refused admission they will have the right of appeal and that they will not need to travel to Syria or other countries to make an application?

Dr. Howells: So far, we have received 281 requests via the dedicated Foreign and Commonwealth Office e-mail address and about 10 postal applications. Of those, 181 were from former Ministry of Defence staff and eight were from former Department for International Development staff. Thirty-three forms were incomplete,

or the applicants did not appear to have worked for a Department, 36 requests were from former FCO staff, including 10 who probably qualify for assistance, and another 23 are being assessed. I am sure that appeals will be made in the usual way through the immigration appeal tribunal.

Peter Viggers (Gosport) (Con): Does the Minister agree that when foreign nationals are employed in any capacity it would be helpful if the terms and conditions of their employment were made clear from the outset?

Dr. Howells: Yes, that would make our job a lot easier than it is at the moment.

Palestine

6. **Chris McCafferty** (Calder Valley) (Lab): What recent assessment he has made of the political situation in Palestine; and if he will make a statement. [165622]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): As I said in my written ministerial statement this morning, I have returned from the region today more convinced than ever that there is an opportunity for progress towards a two-state solution. The Annapolis meeting later this month and the process that will follow need the support of the whole international community. As the Prime Minister said last week, we intend to make up to $500 million available over the next three years for economic reconstruction in the occupied Palestinian territories and on Sunday I saw in Jericho the basis for the additional £1.2 million for the EU police training mission in the west bank.

Chris McCafferty: I thank my right hon. Friend for that reply. In light of Israel's declaration of Gaza as a hostile entity, will he confirm that the Government view any collective punishment of Gazans, in particular the cutting of water supplies, as a war crime under the Geneva convention?

David Miliband: As the Secretary of State for International Development and I made clear when the announcement was made, we always oppose any form of collective punishment. It is vital that all states adhere to international and humanitarian law. I assure my hon. Friend that in, I think, all my meetings in Israel and the occupied Palestinian territories over the past three days, the humanitarian situation in Gaza in the short term, and the political situation in the longer term, have been a feature of the discussions.

Mr. Crispin Blunt (Reigate) (Con): Any possibility of a settlement for the Palestinians has been made immensely more difficult by the building of illegal Israeli settlements in the west bank. It is a breach of the fourth Geneva convention and has been opposed by successive British Governments. However, there is a report in *The Jerusalem Post* that the Foreign Secretary visited one of those illegal settlements. Plainly, it would be a manifest stupidity for someone in his position to have done that. Will he take the opportunity to tell the House that he did not visit one of the settlements and that the Government's position on Israeli settlement-building in occupied territory remains what it has always been?

David Miliband: Of course I am happy to make that clear. I visited Jericho and the EU police training centre there. I am certainly happy to make it clear that, as the hon. Gentleman indicated, successive British Governments have made their position on this issue clear, and there is certainly no change on the basis of any report in *The Jerusalem Post* or elsewhere.

Martin Linton (Battersea) (Lab): While the Foreign Secretary was on his way to Jericho, did he not see the cranes and bulldozers expanding the settlements at Ma'ale Adumim, on Palestinian land, which is doing more than anything else to strengthen the position of extremists and to undermine moderate Palestinian positions, because it is in defiance not only of international law, the Geneva convention and UN resolutions, but the Oslo accords and the road map?

David Miliband: I did see those settlements. I also had a briefing from the United Nations Office for the Co-ordination of Humanitarian Affairs, which monitors these issues extremely carefully. My hon. Friend is absolutely right that it is very important that the settlement process that has been started is brought to a close. In that context, however, it is important for the House to recognise the statement made by Prime Minister Olmert yesterday, after his Cabinet meeting. He said, as a confidence-building measure in advance of the Annapolis meeting next week, that he was committed and that it was the position of his Government to fulfil their responsibilities under the first phase of the road map—which is precisely to cease settlement activity.

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): In the past year, there have been well over 1,000 identified rocket attacks on Israel from Gaza. Thirteen Israeli citizens have been killed and 317 wounded. What are the Government doing to prevent the proliferation of missiles in the Gaza strip, which are the cause of unacceptable daily attacks on Israeli citizens?

David Miliband: The hon. Gentleman is right to raise the issue. Obviously arms smuggling into Gaza is a major concern of the Israeli Government. I discussed that in detail with the Israeli Foreign Minister and was then able to take up the issue that she raised with the Egyptian authorities—the Egyptian Foreign Minister and others—whom I met yesterday. I know that the hon. Gentleman studies this issue and he is absolutely right to raise the matter of rocket attacks. He mentioned the figure of 1,000 attacks. The House should be in no doubt that such attacks have continued right over the summer and continue to the present day. I know that it is of major concern to the Israeli Government—rightly—but it should be of concern to everybody.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Can the Foreign Secretary indicate what assurances President Abbas was able to give that he would be able to fulfil the first requirement of the road map—to dismantle the apparatus of terror?

David Miliband: I am happy to confirm to my hon. Friend that President Abbas was absolutely unstinting in his commitment to fulfil Palestinian obligations in respect of building a viable Palestinian state not just in

economic terms, but in security terms—in relation to both the security of its own people and the security of Israeli people. The issue of the link to Gaza and the representative nature of President Abbas—as a representative of all Palestinian people—is vital. I am sure that the whole House will have seen the scenes last week of hundreds of thousands of Gazans demonstrating and then six of them being killed by Hamas thugs. That is an important issue that of course needs to be addressed in any long-term settlement.

Mr. Michael Ancram (Devizes) (Con): Does the Foreign Secretary believe, before Annapolis, that it is possible to make genuine progress towards the creation of a Palestinian state without the consent and participation of representatives of all the Palestinian people?

David Miliband: There are two parts to that question. First, before Annapolis, the best that we can do is maximise the consensus that exists between both sides and launch negotiations for the first time in many years. The process of negotiation has been in deep freeze.

Secondly, the right hon. and learned Gentleman refers obliquely to the position of Hamas. President Abbas is the elected leader of all the Palestinian people. It is for him to lead any process towards reconciliation across the divide that now exists between Gaza and the west bank. My impression is that much of the activity undertaken by Hamas since the coup in June has shown its true nature, not just to the wider world, but to the Palestinian people.

Richard Burden (Birmingham, Northfield) (Lab): May I congratulate my right hon. Friend on his visit to the region in the past few days and on his attempts to promote dialogue between Israel and Palestine? I welcome the points that he made about the need for economic development in the Palestinian territories, but can he reassure me that something will be done about the 563 restrictions on movement and access? If something is not done about them, any chance of Palestinian economic development or statehood will be a pipe dream.

David Miliband: My hon. Friend raises an important point. He will have noted the announcement made by Defence Minister Barak yesterday that between 20 and 30 checkpoints are being taken away—a start to the process that my hon. Friend describes. He will also know that Jon Cunliffe and my right hon. Friend the Secretary of State for Children, Schools and Families, in his previous capacity at the Treasury, produced a Government publication on the economic road map to peace. It makes very clear the links between economic development, improvements in security and tackling the checkpoints issue in the west bank.

Mr. David Lidington (Aylesbury) (Con): May I express the Opposition's support both for the Foreign Secretary's work over the past few days and for his hopes for the Annapolis conference? Everybody in the House will want that conference to succeed. I put it to him that if we are to take a real step towards reconciliation in the middle east, it will require from Annapolis not just a statement with plenty of warm words, but a plan for practical steps on the ground, involving some painful decisions by both sides to start to rebuild trust that has been badly damaged in recent years. How confident is he that there is sufficient agreement, at least about an indicative timetable for such practical steps, so that the conference can be the success that we wish it to be?

David Miliband: I am happy to associate myself with the hon. Gentleman's remarks. Annapolis needs to set out the consensus that exists between the parties, including, critically, on the shared goal of a two-state solution—a viable Palestinian state living alongside a secure Israel. He did not specifically mention this, but it also needs to launch a negotiating process, the absence of which has been terrible for the political horizon that is necessary if we are to make practical measures really bite. He is right to say that practical, economic and security measures matter. I referred in my answer to what the UK Government hope to do. The work for Tony Blair as the Quartet representative is important, too. On timing, there is a short-term need for progress on practical measures, but the House will recognise that we need a timetable, or at least some sense of the timing, for the negotiating process. The emerging consensus that next year is absolutely critical to making substantial progress can give the process the spur that it desperately needs.

Pakistan

7. **Mr. Eric Illsley** (Barnsley, Central) (Lab): If he will make a statement on the political situation in Pakistan. [165623]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): All friends of Pakistan will share the Government's grave concern about the state of emergency in Pakistan. We have strongly urged General Musharraf to restore the constitution immediately and to ensure that free and fair elections take place by mid-January. My hon. Friend will have seen yesterday's announcement that the elections will take place on 8 January. Democratic values and the rule of law are our best allies against the extremism that threatens both Pakistan and this country.

Mr. Illsley: I am grateful to my right hon. Friend for that response. Does he intend to raise the issue of Pakistan at the forthcoming Commonwealth Heads of Government meeting, and will he continue to do all that is in his power, together with international partners, to ensure that the elections on 8 January are free, fair and properly observed? Will he continue to press General Musharraf to stand down as head of the army?

David Miliband: Certainly. I should have said in my answer that the meeting of the Commonwealth is particularly well timed. I shall be heading for Kampala tonight, and the meeting of the Commonwealth Ministers action group on Thursday morning will have Pakistan right at the top of its agenda. I am happy to confirm that it remains the strong position of the Government not just that General Musharraf must resign as head of the army, but that political prisoners must be released and that media restrictions and the state of emergency must also be lifted.

Mr. Simon Burns (West Chelmsford) (Con): Is it the Foreign Secretary's assessment that General Musharraf will still be in power in three months?

David Miliband: It is probably wise not to get into the prediction business in any political system, perhaps especially in respect of Pakistan and some of the other issues that we have spoken about, notably Kosovo. It is clear that there is unanimity across the international community about what General Musharraf needs to do. The best ally of stability in Pakistan is an extension of democracy, which is vital for the country and for the region.

Mrs. Ann Cryer (Keighley) (Lab): Can my right hon. Friend give the House an update on the welfare of Imran Khan, the international cricketer? He is the chancellor of Bradford university and I have been asked by the university to raise the question. I have spoken to Maleeha Lodhi, the high commissioner, twice. She can tell me only that he is in prison and on hunger strike. Is there anything further that my right hon. Friend can tell the House?

David Miliband: I am happy to confirm that our officials are trying to make contact with Imran Khan or his colleagues and associates. We have all seen the news about his proposed or actual hunger strike. The most important thing to say is that he, like all political prisoners, should be released as soon as possible. If the story that was running on the wires this morning about 3,000 political prisoners being released is translated into action, we will all welcome that, but it must be a step towards all political prisoners being released.

Mr. Keith Simpson (Mid-Norfolk) (Con): The continuing state of emergency in Pakistan raises serious questions about the Pakistan Government's ability to maintain security throughout Pakistan and, in particular, in the volatile and largely ungoverned border areas with Afghanistan. Almost three weeks ago the Foreign Secretary said in his statement:

"It would be wrong to say that we have seen any short-term spillover of the situation in Pakistan into the border area."—[*Official Report*, 7 November 2007; Vol. 467, c. 134.]

Is that still the case? Has any increase in cross-border incidents been reported by British commanders in Afghanistan? Is he confident that British forces are adequately equipped and protected to deal with their mission?

David Miliband: Yes, that remains the case, but the challenge for British forces in Afghanistan along the 2,600 km border remains a severe one. I can confirm to the hon. Gentleman that there has been no change in the reports to us about the situation in the federally administered tribal areas.

Zimbabwe

8. **Mr. Philip Hollobone** (Kettering) (Con): If he will make a statement on the political situation in Zimbabwe. [165624]

The Minister for the Middle East (Dr. Kim Howells): Under the misrule of President Mugabe, Zimbabwe's catastrophic decline continues. We have made it clear that no senior Minister will attend an EU-Africa summit in December if President Mugabe is there. We are supporting those working for democratic change. We are supporting African efforts, through President Mbeki, to resolve the crisis, and we are supporting, with humanitarian aid, the millions of Zimbabweans in desperate need of assistance.

Mr. Hollobone: What recent discussions has the Minister had with senior representatives in the South African Government to persuade them to fulfil their responsibilities, as the main power in the region, to apply far more pressure on the Mugabe regime to change its ways?

Dr. Howells: We have held many discussions on the matter with senior leaders in southern Africa. The hon. Gentleman is right. The thrust of his question is the key one: what are neighbours doing about putting pressure on President Mugabe? It is only the truth to say that unless they pressurise President Mugabe much, much more than they have done, he will not relinquish his position. He could even win the next election, and the misery of the Zimbabwean people could continue for a very long time.

Sir Nicholas Winterton (Macclesfield) (Con): I am encouraged by the Minister's reply to my hon. Friend the Member for Kettering (Mr. Hollobone). While it is important to bring pressure on Mr. Mugabe through African states, particularly South Africa, what new initiative might the Government seek to bring forward as a result of the Commonwealth Heads of Government conference that is taking place in a few days? Could we not use the influence of a country of growing influence—that is, India—and that of other Commonwealth countries to exert pressure to bring democracy, peace and genuine stability and improvement to Zimbabwe?

Dr. Howells: Yes, the hon. Gentleman is quite right. My right hon. Friend the Foreign Secretary is travelling to Kampala this evening, and I know that he will attempt to use every meeting that he has on the margins of that conference to raise the subject and to urge other nations to start to apply pressure on President Mugabe. The hon. Gentleman knows that as Zimbabwe is not a member of the Commonwealth at the moment, it is not on the formal agenda. I wish that it was.

US Missile Defence

9. **Danny Alexander** (Inverness, Nairn, Badenoch and Strathspey) (LD): If he will make a statement on his Department's policy on the UK's involvement in the US missile defence system. [165625]

12. **Paul Holmes** (Chesterfield) (LD): What his policy is on the UK's participation in the US missile defence system; and if he will make a statement. [165629]

The Minister for Europe (Mr. Jim Murphy): The UK contributes to the US missile defence system through our operation of the radar at RAF Fylingdales, the data relay station at RAF Menwith Hill and our well-established technical co-operation programmes.

Danny Alexander: In February, the then Prime Minister promised a debate in the House on the UK's involvement in the US missile defence system. However, the Secretary of State for Defence later turned down such a debate in a letter to my right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell). Does the Minister agree that a full parliamentary debate will be necessary before the United Kingdom takes any further steps in support of yet another controversial, unilateral and highly dangerous United States policy?

Mr. Murphy: There has been no official request from the USA; as the hon. Gentleman knows, such issues are for the usual channels. There is a genuine issue about how the international community, particularly Europe, deals with the potential threat to the UK and Europe from a rogue state firing a missile across Europe. That is why we have given our support to the proposals at the moment in respect of the capacity of the deployment in both Poland and the Czech Republic. That is an important part of the wider defence of both the United Kingdom and Europe and against the potential firing of a missile by a rogue state, and particularly from one in the middle east.

Paul Holmes: Is the Minister aware that the programme has already cost the US more than $100 billion, yet its technology is unproven and does not work? The programme is designed to guard against an unforeseen future threat, yet it is destabilising Europe now. Is it not the most dangerous and expensive white elephant in history? How much will it cost British taxpayers?

Mr. Murphy: With respect, I think that that is an absolutely ridiculous assessment of the situation. The fact is that there is the potential threat of a rogue state attacking Europe, in the future, by the use of such missiles. It would be irresponsible in the extreme if we were not to, yes, participate with the United States, yes, have discussions with Poland and the Czech Republic, and yes—and importantly—have them with our NATO allies and friends about how best to protect ourselves and our European neighbours from a potential attack from a rogue and dangerously evolving threat.

Topical Questions

T1. [165607]**John Mann** (Bassetlaw) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I have just returned from the middle east, where I spoke to Israelis, Palestinians and Egyptians about the contribution that the UK can make to progress towards a lasting two-state solution. Tomorrow, I will join Her Majesty the Queen, the Prime Minister and other ministerial colleagues for the state visit to Uganda and the Commonwealth Heads of Government meetings, whose agenda will focus on climate change, international development, education and the situation in Pakistan.

John Mann: My right hon. Friend will be aware of the positive cross-party and Government work done on anti-Semitism in this country. He will also be aware that anti-Semitism is not just a British problem but one that is growing across the European Union. Will he be prepared to consider how he can best raise the matter with ministerial colleagues from other European countries?

David Miliband: I certainly will. I can also say that when I recently met representatives of American Jewish groups in New York, they said that they recognised last year's parliamentary inquiry into anti-Semitism as an absolute landmark—not only in this country, but globally—for the sort of investigation and vigilance that are so important. I am happy to ensure that all EU colleagues know of the work done by that cross-party parliamentary group and to look at ways in which we can follow it up. I know that my hon. Friend and colleagues recently met my hon. Friend the Minister for Europe. We will certainly be happy to take the issue forward in any sensible way.

Mr. William Hague (Richmond, Yorks) (Con): On Wednesday, the Foreign Secretary circulated a speech in which he called for the creation of an EU military capabilities charter. On Thursday, when he delivered the speech, all references to this had been removed, apparently by the Prime Minister. Is the Foreign Secretary in favour of a military capabilities charter, or not?

David Miliband: I can only think that the right hon. Gentleman did not read the speech that I put out on Thursday. If he looks at the section on defence, he will see that it says, first, that we need to enhance the capabilities of European nations in respect of defence issues; secondly, that we need to co-ordinate them better so that when we work with NATO we do so in a sensible way; and thirdly, that we need to ensure that European forces are used in a preventive way. That seems to me to be an utterly sensible thing to do.

Mr. Hague: I think that that roughly translates as, "Not any more", and that the Foreign Secretary was muzzled by the Prime Minister, which at least gives him something that he can recommend to his wise eminence, Lord Malloch-Brown, from time to time. Instead of unseemly accusations of disloyalty and destabilising each other being flung between No. 10 and the Foreign Office in the weekend press, is it not vital that the Prime Minister and the Foreign Secretary make a joint effort on many of the issues facing the nation? For instance, will they, in the coming days, seek to ensure as a matter of urgency that a senior single co-ordinating figure is appointed in Afghanistan for the international aid and reconstruction effort so that tactical successes there do not turn into strategic failure?

David Miliband: As the Prime Minister said in his statement last week, we are certainly committed to improving the co-ordination of forces in Afghanistan; in fact, that idea is being developed actively at the moment and will come to fruition. However, I have to say to the right hon. Gentleman that this time last week he set out in the Queen's Speech debate the new Conservative policy on the European treaty, and within one hour his own leader had rubbished his statement. *[Interruption.]* Oh yes—I look forward to discussing it with him. On this side of the House, we agree our speeches in advance rather than having to correct them afterwards.

T2. [165608]**Mr. David Hamilton** (Midlothian) (Lab): Does my right hon. Friend the Foreign Secretary share my concern that to date there has been no compromise leader appointed for Lebanon? What is he doing about that?

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): Last night, I was rung by the Secretary-General of the United Nations, who has recently been in Lebanon. The impending crisis four days before the election of a new president is a very serious concern, not least given the dangers that it poses to the wider middle east peace process. My hon. Friend is absolutely right to raise the issue. On Sunday night in Jerusalem, I met my colleague, the French Foreign Minister, who was going back to Beirut for the second time in a week to try to work on the issue. I assure my hon. Friend that, with our ambassador there, we are working on it too.

T3. [165609]**Chris Bryant** (Rhondda) (Lab): Over the past few years, President Putin has made it virtually impossible for anybody to launch a new political party in Russia, and he has made it much more difficult for smaller parties to get elected to the Duma by raising the threshold from 5 per cent. to 7 per cent. He has also closed every single independent television station in Russia. Now, he has made it more difficult for the Organisation for Security and Co-operation in Europe to monitor the elections in December. It is becoming increasingly difficult not to come to the conclusion that those elections will be neither free nor fair and that Russia is, dangerously and sadly, flirting with totalitarianism again.

The Minister for Europe (Mr. Jim Murphy): My hon. Friend is absolutely right. It is very disappointing that the OSCE observer mission has not been able to take up its opportunity to visit Russia to act as independent and impartial technical observers of the Duma elections. It is clear that the democratic space in Russia has shrunk over recent years. The space for civic society and the media to operate freely has decreased. We will continue to press for a modern Russia that conforms to modern democratic international norms, which would involve full access for the OSCE without inhibitions being put in place by the Russian authorities.

T4. [165611] **Mr. David Heath** (Somerton and Frome) (LD): May I return the Foreign Secretary to the issue of Kosovo and the Balkans? In the event of Kosovo achieving independence, it would be extremely difficult to explain to those in Republika Srpska, let alone the Albanians in Macedonia or the Abkhazians, that they should not do the same. In his earlier reply, he suggested that the answer to ensuring the territorial integrity of Bosnia and Herzegovina was to enhance the authority of the high representative. What other steps has he taken to produce contingency plans for the region to ensure that Bosnia and Herzegovina stays in one piece and stays at peace?

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I am happy to address that point, but for the record, I said that we have to back up the high representative's authority. We are not making proposals to enhance it, as the hon. Gentleman puts it. The best thing that we can do is undertake practical projects such as police reform. That is a major issue in Bosnia, and it is sensible to take such action before a crisis rather than afterwards.

T5. [165612] **Ann McKechin** (Glasgow, North) (Lab): Given that it has been reported that the Chinese authorities are to offer a $5 billion credit line to the Government of the Democratic Republic of the Congo in return for mineral rights without any apparent conditions, will my right hon. Friend indicate our concerns to the Chinese Government about the need for proper conditions regarding governance and corporate accountability when dealing with the exploitation of minerals?

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): My hon. Friend has campaigned long and hard on that issue in general, and on the specific issue of attacks on women in that country. I can confirm that we are working with all international partners to ensure that our aid policies are targeted at the right people and that they support the right rather than the wrong actions.

T6. [165613] **Derek Wyatt** (Sittingbourne and Sheppey) (Lab): I am a great fan of Joseph Nye's work on soft power. At some stage, Mugabe will fall in Zimbabwe. Can my right hon. Friend reassure me that we will have a diplomatic solution on a "soft power" basis in Zimbabwe when Mugabe does fall?

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): Perhaps my hon. Friend is referring to the need for economic reconstruction in Zimbabwe. That is impossible while President Mugabe is pursuing completely wrong-headed policies that have plunged the country into the chaos of 8,000 per cent. and now 14,000 per cent. inflation. I can confirm that as soon as there is a sensible Government in Zimbabwe, we will want to work with them not just on economic issues, but on broader social and political reconstruction.

T7. [165614] **Mr. David Amess** (Southend, West) (Con): On Friday, the opposition Iranian organisation the People's Mujaheddin of Iran will learn if it is to be removed from the European Union's list of proscribed organisations. If it is, will the Secretary of State remove it from our own list?

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): This issue is sub judice at the moment, and it is therefore very difficult to comment on it. In general, I can say that, across the House, we deplore any terrorist activities by any organisation.

T8. [165615] **Mr. Graham Brady** (Altrincham and Sale, West) (Con): What representations have Ministers made to other EU Governments with the aim of blocking proposals for an EU food-labelling regime that would reduce customer information, not increase it?

The Minister for Europe (Mr. Jim Murphy): It is a silly proposal, and we will not be supporting it.

T9. [165616] **Dr. Phyllis Starkey** (Milton Keynes, South -West) (Lab): The European Union is currently funding fuel supplies to Gaza. If the Israeli Government go ahead with their proposal to reduce fuel supplies by 20 per cent., in contravention of international humanitarian law, would the Foreign Secretary be satisfied that that continued EU funding was consistent with EU law?

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I will certainly look into the legal issue that my hon. Friend raises, but the basic humanitarian issue, which is the need for the people in Gaza to be able to keep body and soul together, is essential and is at the forefront of our minds in discussions throughout the EU and in the region.

Sir Patrick Cormack (South Staffordshire) (Con): Will the Foreign Secretary take every opportunity that Kampala offers to talk to African Heads of Government and to persuade them of what an appalling regime Mugabe is running in Zimbabwe? It is far, far worse than anything that exists in Pakistan.

David Miliband: There is no question about that; I am happy to provide that confirmation to the hon. Gentleman. I am confident that I will go there with the unanimous view of the House that the situation in Zimbabwe is not just an appalling tragedy, but a preventable one. President Mugabe's role in that affair needs to be at the forefront of our minds.

Mr. Don Touhig (Islwyn) (Lab/Co-op): Veterans of the Malaysia campaign are allowed to accept the Pingat Jasa Malaysia medal, but not wear it on public occasions such as Remembrance Sunday. As my right hon. Friend the Foreign Secretary has responsibility in this area, does he agree that the decision of the Committee on the Grant of Honours, Decorations and Medals is unjust, and will he intervene to overturn it?

David Miliband: I am happy to take up the issue that my right hon. Friend raises. Granting the medal was an important step forward, which has been widely welcomed. However, I shall certainly look into the matter.

Mr. John Baron (Billericay) (Con): The Foreign Secretary will be aware of my correspondence with the Department about the case of my constituent, Grace Ciliberto, whose son was abducted to Dubai, despite being the ward of an English court. Although I accept that normal consular advice was given, will the Foreign Secretary explain why no top level diplomatic contact has been made with the Dubai authorities to get Mrs. Ciliberto's son returned to this country? Will he meet me to discuss the matter?

David Miliband: It would be wrong to discuss the details of an individual case on the Floor of the House, but I—or one of my hon. Friends—will be happy to meet the hon. Gentleman to go through them.

Mr. Jim Cunningham (Coventry, South) (Lab): What assistance is my right hon. Friend giving to Bangladesh to cope with the flooding disaster?

David Miliband: I am sure that all hon. Members viewed the situation in Bangladesh with horror. The matter obviously falls to the Department for International Development and its emergency relief contingency plans. However, I am happy to write to my hon. Friend and place in the Library clear details of the way in which the UK Government are responding. I assure him that, on a diplomatic level, we are in touch with the caretaker Government in Bangladesh to ensure that everything possible is being done to support them.

Mr. Denis MacShane (Rotherham) (Lab): On a point of order, Mr. Speaker.

Mr. Speaker: I think that the last thing the House wants at the moment is a point of order.

HM Revenue and Customs

3.31 pm

The Chancellor of the Exchequer (Mr. Alistair Darling): With permission, Mr. Speaker, I should like to make a statement on the breach of procedures which led to personal data relating to child benefit from Her Majesty's Revenue and Customs going missing.

I shall set out the nature of the data and the circumstances relating to how they went missing. However, it might be helpful to the House if I set out the background first. The National Audit Office, which is independent of Government but answerable to Parliament, has a right to ask for and access data from HMRC in discharging its compliance responsibilities.

In March, it appears that a junior official in HMRC provided the National Audit Office with a full copy of HMRC's data in relation to the payment of child benefit. In doing so, the strict rules governing HMRC standing procedures were clearly not followed. Those procedures relate to the security of and access to data as well as their transit to ensure that they are properly protected. That information should not have been handed over by HMRC in the way that it was. However, I understand that in this case the NAO subsequently returned all the information that it received in March to HMRC after auditing it.

It now appears that, following a further request from the NAO in October for information from the child benefit database, again at a junior level and again contrary to all HMRC standing procedures, two password-protected discs containing a full copy of HMRC's entire data in relation to the payment of child benefit were sent to the NAO, by HMRC's internal post system operated by the courier TNT. The package was not recorded or registered. It appears that the data have failed to reach the addressee in the NAO.

I also have to tell the House that, on finding that the package had not arrived at the NAO, a further copy of those data was sent, this time by registered post, which did arrive at the NAO. However, again HMRC should never have let that happen. Although it is believed that the data were sent from HMRC to the NAO on 18 October, the fact that they did not arrive was not reported to HMRC's senior management until 8 November, nearly three weeks later.

I was informed on Saturday 10 November and immediately instructed that comprehensive searches by customs officers be carried out on all premises where the missing data might be found. Those searches are continuing. I asked for an immediate investigation, which was initiated that weekend. I also insisted on immediate steps to prevent this from happening again. Action has been taken.

On Monday 12 November, HMRC informed me that evidence might have been found of the route taken by the data and that they were likely to be found. However, by Wednesday 14 November it was clear to me that the HMRC searches had failed to find them. I therefore instructed the chairman of HMRC to call in the Metropolitan police to conduct a full investigation, in order to find the missing package. That investigation is still under way. Our priority was and is to find the data. Searches have been and continue to be carried out, including of HMRC and National Audit Office premises, and staff are being interviewed. So far, however, the missing data have not been found.

The police tell me that they have no reason to believe that these data have found their way into the wrong hands. The police are not aware of any evidence that they are being used for fraudulent purposes or criminal activity.

I will tell the House what is missing as a result of this extremely serious failure on the part of HMRC to protect sensitive personal data entrusted to it in breach of its own guidelines. In terms of protecting confidential data, Her Majesty's Revenue and Customs is operationally independent of Ministers. It is established by statute and run by its chairman, Paul Gray, and a board of commissioners who are responsible for its operations but answerable to Parliament through me. Last week Paul Gray told me on his own initiative that given the seriousness of the operational failing he should resign. He has now confirmed that intention, and I am grateful to him for his contribution to the work of government, in HM Treasury, the Department for Work and Pensions and then HMRC.

The missing information contains details of all child benefit recipients: records for 25 million individuals and 7.25 million families. Those records include the recipient and their children's names, addresses and dates of birth, child benefit numbers, national insurance numbers and, where relevant, bank or building society account details. I regard this as an extremely serious failure by HMRC in its responsibilities to the public.

In making this statement today, I have had to balance the imperative of informing the House and the public at the earliest opportunity with ensuring that when I did so the appropriate safeguards were in place to protect the public, including in relation to bank accounts. Indeed, the banks were adamant that they wanted as much time as possible to prepare for this announcement. I discussed the issue with the Information Commissioner on Thursday, who agreed that appropriate remedial action needed to be taken before a public statement was made. This action has now been taken. I have also sought the advice of both the Financial Services Authority and the Serious Organised Crime Agency, and other Departments have also been made aware of the issue.

Let me set out what we have done. First, the UK Payments Association, the British Bankers Association and the Building Societies Association have been informed, and through them HMRC informed individual banks and other financial institutions, including building societies and post offices, of affected accounts. Secondly, individual institutions are flagging those accounts, which enables them continually to monitor for irregular activity. They tell me that so far they have found no evidence of such activity. Thirdly, individual institutions are also tracking back and analysing transactions on affected accounts to 18 October. Again, they have so far found no evidence of unusual activity. They will continue to monitor those accounts, so that if there is any suspicious activity, action can immediately be taken. Fourthly, if someone is an innocent victim of fraud as a result of this incident, people can be assured that they have protection under the banking code, so that they will not suffer any financial loss as a result.

[Mr. Alistair Darling]

The UK Payments Association has confirmed that it is confident that every action has been taken by the banking industry to minimise the risk of any fraud. It has also confirmed that the missing data are not enough in themselves for someone to access a person's bank account for fraudulent purposes, as additional security information and passwords are always required. However, we have to recognise the increased risk caused by these missing data. People will therefore want to monitor their accounts and guard against any unusual activity. The advice of banks is that there is no need for customers to ask for a new account or to contact their bank or building society. However, they should do what they should be doing in any event: checking their bank statements to keep a close eye on their account for any unusual activity; contacting their bank or building society immediately if they see anything in their statement that concerns them; and not giving out personal or account details requested unexpectedly by phone or e-mail. I reiterate that the banks have made it clear that individuals will not have to pay out for any loss in the event that they become the innocent victims of fraudulent activity. I can tell the House that child benefit payments will continue to be paid as before.

There are already clear HMRC standing procedures, which appear to have been broken. HMRC has initiated changes to security processes and procedures, so they will now take place only with written authorisation from a senior manager and with appropriate protection for any transfer.

The police investigation continues, although there is also likely to be an inquiry into the missing data by the Independent Police Complaints Commission, which has responsibility for monitoring Her Majesty's Revenue and Customs. I have kept the Information Commissioner informed. It is highly likely that there have been breaches of the Data Protection Act, which the commissioner will investigate.

The Government take the protection of personal data, in whatever form, extremely seriously and have therefore put in place and are strengthening rights and safeguards on the use and handling of such data. The Data Protection Act sets out the framework enforced by the Information Commissioner and the courts. Departments have specific controls on information sharing and duties of confidentiality that are being enhanced by amending the Data Protection Act to guard against misuse and provide further information to citizens about the information that the Government hold.

Last month the Prime Minister asked the Information Commissioner, Professor Mark Walport, director of the Wellcome Trust, to carry out a review of the framework in the United Kingdom to ensure the security of personal data. That review will look at Government Departments and other organisations. I can also tell the House that the Comptroller and Auditor General, Sir John Bourn, has said that the National Audit Office will also review its own procedures for requesting data to confirm that they remain in line with best practice, and will apply any lessons arising.

In addition, the House will be aware of other data security breaches by HMRC—including, at the end of September, the loss of records of around 15,000 people in transit by HMRC's external courier and, in the same month, the loss of a laptop and other material containing personal details relating to HMRC customers. I have therefore asked Kieran Poynter, chair of PricewaterhouseCoopers, to investigate HMRC's security processes and procedures for data handling. I have asked for an interim report next month and a full report in the spring. That review will be conducted in consultation with the Independent Police Complaints Commission and a full report will be made available to the Information Commissioner.

I express my gratitude to the Metropolitan police for its investigation, to the Information Commissioner for his advice and to the banks for their co-operation in working with the Government in taking steps to protect the public. The House will understand that because the investigation is continuing I am not yet in a position to give a full account of what has happened but I will continue to keep the House informed.

This is an extremely serious matter. HMRC has a responsibility towards the general public, who entrust it with highly sensitive personal information. It has failed to meet the high standards that should be expected of it. I recognise that millions of people across the country will be very concerned about what has happened. I deeply regret that and apologise for the anxiety that will undoubtedly be caused.

But let me reiterate: there is no evidence that these data have reached the wrong hands and no evidence of fraud or criminal activity; banks and building societies are putting in place safeguards to protect people's accounts; banks and building societies will continue to monitor those accounts; and no one will suffer any loss if they are innocent victims of fraud. I will, of course, keep the House updated of any further developments. I commend the statement to the House.

Mr. George Osborne (Tatton) (Con): The Prime Minister says that the first duty of Government is the protection of the citizen, and today we discover from the Chancellor that the Government are responsible for breaching that duty of protection to 25 million citizens. Let us be clear about the scale of this catastrophic mistake: the names, the addresses and the dates of birth of every child in the country are sitting on two computer discs that are apparently lost in the post; and the bank account details and national insurance numbers of 10 million parents, guardians and carers have gone missing. Half the country will be very anxious about the safety of their family and the security of their bank accounts, and the whole country will be wondering how on earth the Government allowed this to happen.

The Chancellor has to answer the most serious questions. On the question of safety, what contingency plans have been drawn up with the police lest it become clear that millions of personal details have fallen into the wrong hands? On the question of financial security, I understand what the Chancellor said about the precautionary measures taken by the banks this weekend, and I agree with him that people need not contact their banks, but since he has asked millions of people to monitor their accounts, many may well do so. What steps have been taken by the Treasury, the Bank of England and the Financial Services Authority to prepare for any potential financial instability?

If fraud does occur—and of course it is good to hear that there is no evidence of that at present—where will

the liability for any losses rest? The Chancellor said at the end of his statement that people would not lose out. Does that mean that the responsibility now rests with the Government, and, in effect, is the Chancellor now offering another general guarantee to depositors and people with bank accounts?

On the question of how this extraordinary security breach could ever have happened, what is the point of the House passing laws to protect the privacy of people's personal information if those laws are not even enforced at the heart of Government? As the Chancellor himself said, this is the third, and by far and away the most serious breach by Her Majesty's Revenue and Customs this year. In August, a laptop containing the personal details of 400 taxpayers was stolen after being left in a car overnight, and 15,000 people's details were lost. [HON. MEMBERS: "He said that."] He did say it, and it is worth reminding ourselves why there has been a catalogue of mistakes at Her Majesty's Revenue and Customs. When did the Chancellor first become aware that the security protocols in his own Department were absolutely worthless, and what did he do about it?

We know that it was about 21 days before the breach in security was brought to the Chancellor's attention—incidentally, two days after it was brought to the attention of senior management in Her Majesty's Revenue and Customs. Why did the Chancellor then wait for four days before contacting the police? Does he remember just who has been running the Inland Revenue for the last 10 years? The Prime Minister. Can he tell us when he told the Prime Minister about this fiasco?

Finally, there is the issue of how we stop this from ever happening again. I welcome the inquiries that are under way, but can the Chancellor confirm that the police are investigating not just the individual responsible for sending the discs, but those above that individual who are responsible for ensuring that the law is properly enforced in Her Majesty's Revenue and Customs? Does he agree that today must mark the final blow to the Government's ambition to create a national ID card? They simply cannot be trusted with people's personal information.

Since he came to office less than six months ago, the Chancellor has lurched from one crisis to another. Now his Department has compromised the security and safety of every family in the land. This autumn, the Prime Minister said he had shown that the Government could be competent, and now needed to set out his vision. There are 25 million people whose personal details have been lost by this Government. Never mind the lack of vision; just get a grip, and deliver a basic level of competence.

Mr. Darling: I think the whole House will agree that the way in which this was handled was inexcusable. HM Revenue and Customs has well laid down and established procedures which were breached, and which there is no excuse whatsoever for breaching. As I told the House, it is a matter of extreme regret that so many people will be caused anxiety as a result of what happened.

There are two points. First, the police investigation is continuing, and as we ascertain more about what happened, we will be able to learn lessons for the future. Secondly, the hon. Gentleman asked what was being done in the meantime. Senior management have instructed that no information is to be downloaded from computers in this way without the authority of a very senior member of the Revenue and Customs, and that in the event that it proves necessary to make that information available to other people, the procedures will be tightened up.

It is obvious to me from the information that I have that in the event of the NAO's wishing to audit a large amount of information of this kind, procedures will provide for the NAO to go to where the information was stored rather than its being transmitted. The senior management have tightened up on those procedures so that this does not happen again, but we will obviously want to learn from the conclusions of the inquiry that I have asked Kieran Poynter to carry out.

The hon. Gentleman asked some specific questions. First, as I have said, the banks have put in place all the precautions they think they can reasonably put in place to guard against any unusual activity. I repeat that neither the police nor the banks have any evidence to suggest that the information has fallen into the wrong hands of that it is being used for fraudulent or other criminal purposes. The hon. Gentleman asks what would happen if a particular set of circumstances were to arise. I hope that he realises that for obvious reasons the police do not particularly want me to speculate on what they might do in the event that they suspect a crime is taking place, but I can assure the House that the Metropolitan police is very aware of the risks and is addressing them.

The hon. Gentleman also asked specific questions about when I was told and what I did. As I said in my statement, I was told about this on the morning of 10 November and I instructed that there should be an immediate, thorough search by experienced, trained customs officers of every place where the discs might be found. That took place. I also asked that HMRC undertake a thorough investigation of what should happen. However, despite being told on Monday that there was every chance that we would be able to recover the disks—which would, of course, have been the preferable course of action—it was clear to me that that was not going to happen, which is why I asked the Metropolitan police to be called in.

There was one thing I was very conscious of, and it was why I took advice from the Information Commissioner: that before I made a public statement the House would expect me to do everything I reasonably could with the banks to put in place measures to protect the public. I am sorry if the hon. Gentleman disagrees with my judgment on that, but I think I had a duty to give the banks time to put in place the necessary protections, especially when I was advised that that was the right thing to do by the Information Commissioner and especially when I was told by the banks that they wanted as much notice as possible before this became public knowledge. The hon. Gentleman asked when I told the Prime Minister. Within about half an hour of my being told, I spoke to the Prime Minister. The two of us discussed what we ought to do, and I have kept him informed ever since.

The last point that the hon. Gentleman makes way in relation to identity cards. The key thing about identity cards is, of course, that they will mean that information

[Mr. Darling]

is protected by personal biometric information. The problem at present is that, because we do not have that protection, information is much more vulnerable than it should be.

In conclusion, as I have informed the House, this is a deeply regrettable incident that should never have happened, but I am now doing everything I possibly can to safeguard the public interest because that is the right thing to do.

Dr. Vincent Cable (Twickenham) (LD): I think I should thank the Chancellor for both his frankness and his apology, but is it not now the case that the Treasury has replaced the Home Office as the Department that is unfit for purpose, and also that he inherited from his predecessor systems of management that are totally dysfunctional?

On the specifics, how many unencrypted CDs are being posted around Government every year? Since this is the second case within the past few weeks of a CD being lost in the post—the other in relation to insurance data—what is the status of the comment made in respect of the loss of a CD in September by HMRC that it had

"reviewed our arrangements and introduced safeguards to prevent this happening in future"?

Why should we have more confidence today that that will be implemented? Can the Chancellor also explain why, in this day and age, information is being transmitted through CDs, rather than electronically? Is that not just a reflection on the ancient IT systems employed by HMRC? *[Interruption.]* For example, is he aware that officials within HMRC—*[Interruption.]*

Mr. Speaker: Order. Let the—*[Interruption.]* Order. Let the hon. Gentleman speak.

Dr. Cable: Is the Chancellor aware that officials within HMRC are being told to disregard elementary precautions such as dual running of old and new IT systems in order to make savings on the £8 billion Capgemini project? Will he not make an open, transparent statement of the IT position by publishing the gateway review rather than trying to suppress its findings by going to the High Court?

A basic question one has to ask is why private finance initiative contractors are being given greater data protection than 7.5 million families concerned with child benefit. Is not at least part of this problem due to the 25,000 job losses being implemented in HMRC? Clearly, if officials are being asked to do more and more with fewer staff, mistakes will be made, as they have been here and in relation to tax credits and VAT registration. Is the issue of confidence in Government databases restricted merely to the future ID card system? Is there not a complete lack of confidence in future benefit claims? How on earth are poor people going to have confidence that their data will be protected when they claim benefits?

Finally, I want to raise the issue of the principles governing resignation from Government when administrative disasters occur. One senior official, Paul Gray, has now resigned as a matter of honour; another, the Metropolitan Police Commissioner, declined to do so. Home Office Ministers have resigned on matters of honour; Treasury Ministers decline to do so. Where does the buck stop in this Government?

Mr. Darling: The hon. Gentleman asks a number of questions and I agree with him that this information should not have been downloaded in the way that it was; it certainly should not have been sent in the way that it was, without any readily available means of identifying where it was. It was password-protected, but that was inadequate. However, the hon. Gentleman needs to bear it in mind that the key problem is that HMRC has clear instructions, rules and procedures on requesting, downloading and transmitting information, and that the individuals concerned ignored those instructions. That is the difficulty, and that is what we need to make sure does not happen again.

HMRC is operationally responsible for the collection and making of payments. It is, quite properly, independent of Government, because it is involved in dealing with personal data. That is why it is a responsibility, which this House recently agreed to, of a board of commissioners and the chairman. They are accountable to Parliament through me, which is why I am making this statement today, but there is no doubt in my mind that what we have here is an extremely serious breach. It should never have happened, and the problem is that individuals within HMRC ignored the procedures that were there. That should not have happened and that is what we need to put right.

John McFall (West Dunbartonshire) (Lab/Co-op): Paul Gray, the chief executive of HMRC, has always been co-operative and helpful to the Treasury Committee in our dealings; however, he is correct today to resign from his post. This gives rise to the question, are data safe with Government agencies? No doubt the Treasury Committee will look at this issue, at the internal security procedures operated by departments, and at the level at which the security is signed off. Why does such sensitive information need to be shuffled around? Why cannot the NAO undertake its investigations at the departments? No doubt the Treasury Committee will want to look at this issue, and I ask the Chancellor for his full co-operation in that exercise, so that we investigate this matter thoroughly and ensure that never, ever again does such a situation arise.

Mr. Darling: I certainly welcome any inquiry by the Treasury Committee. My right hon. Friend asks me about the audit procedures and as I told the House earlier, Sir John Bourn, the Comptroller and Auditor General, is reviewing the procedures for how information is handled and what he requests. On child benefit, my understanding is that normally, the NAO would seek to investigate a comparatively small number of cases—perhaps as small as a dozen or so—in order to be sure that Revenue and Customs was following the correct procedures and paying them. It is not at all clear to me why 7 million records would be necessary, or whether it would be possible for anyone actually to look at 7 million records and properly audit them.

I also agree with my right hon. Friend—I said this in reply to the shadow Chancellor—that if large-scale information is sought, as I understand it, the internal procedures of the Revenue and Customs require that the auditor go to where these things are held, in Washington and the north-east, so that he could look at that information without it being taken out of a

secure building. I understand that those procedures are in place. One of the things that the inquiry will have to find out is why those established procedures were breached by the individuals concerned.

Mr. Edward Leigh (Gainsborough) (Con): I am grateful to the Comptroller and Auditor General and to the Chancellor for briefing me this morning. May I just make one or two things clear from the CAG's briefing? He requested this information—the national insurance numbers—to create a sample to enable him to carry out the audit. It is clear that the CAG specifically asked that all personal details, bank account details and all that sort of information should be removed before this was sent. That is the most important thing. The National Audit Office simply asked for the national insurance numbers; this had nothing to do with personal details.

On the other important point the Chancellor may have inadvertently misled the House—I am sure that it would have been completely inadvertent. He said that this information was sent on 18 October. That is true; the Inland Revenue informed the NAO on 18 October. He then told us that it was not until 8 November that senior management were told that these discs had not arrived. In fact, the NAO informed HMRC on 24 October that the wallet had not arrived. It was sent completely insecurely. A second wallet was then sent, so there is no doubt that the wallet never arrived at the NAO; it was lost in the post. No blame can be attached to the NAO, which was simply doing its job in asking for this information. This is criminally irresponsible behaviour on the part of a Department that once had an unimpeachable reputation.

Mr. Darling: There is one point that I want to address head on, because I take very seriously my duty to tell this House the facts as I understand them. I did say in my statement that a request was made at the beginning of October to provide information for audit. That led to the official concerned despatching the two discs in the way that I described—these are the two that never arrived. I understand that subsequent to that, on discovering that they had not arrived, the same junior official spoke to his counterpart in the NAO to ask whether or not he had received them. As I said in my statement, on discovering that they had not been received he then posted another two copies—this time using registered post. That is precisely what I told the House. There had been further contact after the initial posting on 18 October. The fact remains that my understanding is that senior management of HMRC were not told of this until 8 November.

That is what I have been told by HMRC, so the hon. Gentleman is right to say that an initial request was made but the discs did not turn up at the NAO. The two officials spoke again and, wrongly, the discs were posted out a second time. This time they did arrive and are, as I understand it, in safe custody. The fact remains that it was not until 8 November that senior HMRC staff were told, and they subsequently informed Ministers. I want to be clear about that.

On the NAO's original request, I am aware of the position that Sir John Bourn has helpfully set out for me. I have also received advice about what HMRC thinks it was asked for. One of the reasons that I want Kieran Poynter to investigate is to reconcile the sometimes differing accounts of what happened. I have been at pains not to allocate blame as between the NAO or HMRC. I have no reason to criticise the NAO and I welcome the fact that Sir John Bourn is carrying out his own inquiry. I am sure that he will share his conclusions.

I wanted to clarify the position. I understand perfectly why the hon. Gentleman wants to make the position of the NAO clear, but I know that in my statement I acquainted the House with what happened to the best of my understanding.

Tom Levitt (High Peak) (Lab): My right hon. Friend is to be commended for his statement, which was responsible and proportionate. May I especially commend him for having given the banking system time to consider the situation without panicking and to prepare for what will be a demanding few days as people seek reassurance? I am sure that major banking institutions will be fully prepared, but can he assure the House that the smaller banks and building societies have the capacity to deal with customer demand over the next few days, especially Post Office branches in the high street, when the public seek the reassurance that they no doubt will?

Mr. Darling: Certainly HMRC will do everything that it can, together with the associations representing the banks and building societies, to help them and the Post Office prepare. As I said in my statement, I was conscious of the balance that I had to strike between telling the House and the public, and allowing sufficient time for preparation by the banks. Some small institutions asked for a couple of weeks, but it was my judgment that I had to make the information public as soon as was reasonable. I also had to do my best to ensure that the banks were given sufficient time. I have tried to strike that balance and I hope that the House will understand that. As I said earlier, the view of the banks and the building societies is that there is no need for people to contact them unless they have seen something suspicious. Because the bank accounts are being monitored—they have been flagged since the weekend because of the information that we gave the banks—the process is well under way, although we will obviously help some of the smaller institutions if they need and request that help.

Mr. Douglas Carswell (Harwich) (Con): If the Government have managed to lose 25 million confidential personal records in this way, how can we possibly trust them to run an ID card scheme nationally?

Mr. Darling: As I said, one of the problems is that the information we have at the moment can, in certain circumstances, be used for fraudulent purposes by people who have no right to use it. The point about ID cards is that because they will introduce biometric information they will mean that one can be more certain that the person asking for or dealing with that information has a legal right to do so.

Mr. George Mudie (Leeds, East) (Lab): The general public, hearing about this, will be less concerned about whether the NAO or the Treasury were to blame and

[Mr. George Mudie]

more concerned about the embarrassment of their records being public, the threat of identity theft and what protection they will get if it occurs. Can the Chancellor spell out what protection the public will get from the various banking codes if identity theft happens?

Mr. Darling: On the central point, there is no information suggesting that the information is in the wrong hands or, indeed, in the public domain. It is password protected. The police, who are constantly monitoring the situation, tell me that there is no reason to believe that the information has come into the hands of people who should not have it. As I said to the House earlier, the fact that the banks have been able to flag and monitor the accounts concerned means that if unusual activity occurs, it can be picked up. Individuals will also look at their own accounts. At the moment, there is no reason to believe that the information is in the public domain or that there has been any fraudulent or other criminal activity. However, the banks, the Government and everyone else will continue to do everything that they can, first to recover the information and then to put those protective measures in place.

Mr. Richard Bacon (South Norfolk) (Con): It is hard to know where to start with the Chancellor. He prays in aid the Information Commissioner, but it was the commissioner who told the Government to publish the gateway reviews for ID cards, so why did he not listen to that? Moreover, Sir John Bourn has qualified HMRC's accounts for the past four or five years, not because of any fault on the part of that Department but because it is being required to implement the Government's unimplementable tax credit policy. Paul Gray is a courteous and honourable man; what I fail to understand is why he is the only one offering his resignation.

Mr. Darling: I agree that Paul Gray is an extremely courteous and hard-working civil servant who has served successive Governments very well indeed. From my time in government with the Treasury and the Department for Work and Pensions, I know that he has served all Departments with distinction. He deeply regrets what has happened but he is chair of HMRC's commissioners, who were established by statute, and he accepts that he has a responsibility in this matter. I am sorry about what has happened, just as he is, but the important thing is to make sure that such a massive and unforgivable mistake does not happen again. We must learn from it, and ensure that proper procedures are put in place to protect the public.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): Notwithstanding the sad but not surprising sanctimony displayed by those on the Opposition Benches, does my right hon. Friend agree that what has happened is the sort of random, human mistake, in breach of all guidance and rules that occurs under all Governments of all colours? The test of the Government is how they deal with it. The Chancellor has told us what he has done, but will he now say whether any requests for co-operation or compliance from the police or any other investigating authority have been refused by the Government? Is there anything that he could have done that he has not done?

Mr. Darling: No. All requests made of the Government have been met in full. Where we have not been able to do that immediately, we are working with the relevant authorities to make sure that we put in place what is needed.

Mr. Peter Robinson (Belfast, East) (DUP): First, may I express the hope that the lost data might be found even now? If that happens, the problem can be treated as an exercise, with HMRC and other Departments looking at their procedures very carefully and changing them where necessary to ensure the safety of data transmission. Given the scale of problem, will the Chancellor say whether all parts of the UK are affected or whether any geographical importance can be attached to the data that have been lost? Will he also say—

Mr. Speaker: Order. Hon. Members may ask only one supplementary question.

Mr. Darling: I believe that the information that has been lost covers all recipients of child benefit. I know that the system in Northern Ireland is administered separately, but I am proceeding on the basis that all child benefit recipients are affected. As I said earlier, the police are still investigating, and that includes checking the precise details of what was taken off the computer. However, the information that I have today suggests that it is best to assume that recipients from all parts of the UK are affected, and not only those from Scotland, Wales and England. I am afraid that we will have to proceed on that basis.

John McDonnell (Hayes and Harlington) (Lab): It is clear that my right hon. Friend has taken prompt and decisive action from the time that he was informed of the mistake. As chair of the Public and Commercial Services trade union group, I am aware of the representations made to the Treasury in respect of concerns about management and the management systems that have been put in place, and about the impact of job cuts in HMRC. Will my right hon. Friend therefore meet the PCS group to discuss those matters of concern?

Mr. Darling: I know that the PCS has been extremely helpful in facilitating police interviews with members of staff who, like everyone else, are anxious to recover the items that have been lost. We are all grateful for that, and HMRC staff have behaved entirely in the way that one would expect from public servants. General staffing questions should be directed to my right hon. Friend the Financial Secretary to the Treasury, who has day-to-day responsibility for HMRC. I am sure that she will be happy to discuss them with my hon. Friend.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): This calamitous breach of privacy occurred during the transfer of information between two public departments. Given that the national database behind the identity card system exists precisely to transfer and aggregate information between a great many departments, can the Chancellor give us an assurance that we will not proceed with that proposal without first carrying out a proper review of the privacy implications, especially in the light of the fact that the Australian proposal for an identity card foundered precisely on concerns about privacy?

Mr. Darling: As I said in my statement, there are a number of things we need to consider in relation to the holding of data by Government and the transfer of that information, which is why my right hon. Friend the Prime Minister asked for a report into the matter. In relation to this problem, as I have said on a number of occasions, it should never have been dealt with as it has been, and no one can possibly excuse the way in which the information was sent through the post. There are clearly a lot of lessons to be learned, and I am determined that we do just that.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): Given that ultimately any system is vulnerable to human error, will my right hon. Friend consider during his various reviews of the problem whether it would be prudent for such databases to be encrypted in future?

Mr. Darling: That is certainly something we need to consider, because it is possible to encrypt information at present. My starting point is that in general if an auditor, or anyone else, wants to look at a large amount of information, it is best to do so where the information is stored so that we do not have to send it in the first place; but if information has to be sent—even if it is only a small amount concerning a small number of people, or an incomplete picture of someone's circumstances—there is something to be said for encrypting it so that it can be kept as secure as possible. Let us be in no doubt: the public entrust the Government, or their agencies, with personal information and they expect that information to be safeguarded with as much security as we can possibly manage.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): The Chancellor said that he reckoned that the department was independent of his Department so in that sense it was enough for Paul Gray to resign, but it was to the Chancellor that HMRC came; it was he—rightly—who took the decision for a full search and then to call in the police, and it was he who has had to come to the Dispatch Box to explain it all. Does not that make it certain that he and his Department have absolute overall responsibility, so if the information gets into the wrong hands, would he consider it right that either he or his Financial Secretary should take the decision to resign?

Mr. Darling: The House debated the structure of HMRC recently when the two organisations merged. HMRC was set up as a body independent of Government, mainly to keep Ministers of whatever Government away from the business of collecting people's money and paying out money. It has always been understood that although Ministers are responsible for policy, operational matters should be kept away from them for perfectly understandable reasons. HMRC is unusual: the body is run by a chairman and a board although it is clearly accountable to Parliament through Ministers—in this case, me. Of course, given the seriousness of what has happened, I took a very real interest in the matter right from the time it was drawn to my attention.

Nigel Griffiths (Edinburgh, South) (Lab): Although the Chancellor has said that the information should never have left the building and, indeed, that it was security protected, will his review look at ensuring that the highest level of security protection is now applied to all appropriate sensitive data?

Mr. Darling: Yes, we must do that. As I said a moment or two ago, if sensitive information is to be taken out of a building, it must be transmitted as securely as possible. I suspect that there will be a number of different ways of doing that, but it is critically important and it is what the public expect.

Richard Younger-Ross (Teignbridge) (LD): Is the Chancellor aware that security codes and passwords can be broken? The Apple iPhone code was broken within a day of its launch in the UK. Considering the ability of criminals to breach codes and passwords, what advice has he received from the Metropolitan police about the likelihood of identity fraud if the data should fall into the wrong hands?

Mr. Darling: I agree that we need to make sure that as much security as possible is attached to any transfer of information. Part of the purpose of Sir John Bourn's review is to consider, for example, how many cases need to be seen when carrying out perfectly legitimate audit requirements and what information he actually needs to see. Sir John will want to consider those points and discuss them with HMRC and other Departments. In relation to HMRC, if information is requested, consideration has to be given, as already required by the guidelines, as to whether an auditor should be invited to look at the information in the place where it is held or, if it is sent, what precautions should be attached—whether encryption, password protection or whatever. I understand that all those things are provided for under existing requirements, but what happened in this case was that the existing procedures were not followed at each and every stage.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): Is the Chancellor aware that the whole House is, naturally, seized of the gravity of the breaches in procedure that have taken place, but recognises, equally, that he in his office has acted with great dispatch and decisiveness in dealing with this difficult situation? May I associate myself with his tribute to Paul Gray, whom I knew when at the Treasury? He is a civil servant of distinction, but his resignation was necessary in the circumstances, as he readily saw. In involving the police, the Chancellor clearly did the right thing and acted immediately in that respect—a similar thing is true of looking at the systems. May I put a point to him on the question of the transmission of data? However we transmit data, somebody has to take the decision. With information of this kind, should not two or three levels of officials—going, where necessary to the very top—have to be involved?

Mr. Darling: I agree with my hon. Friend's remarks concerning Paul Gray. I also agree with what my hon. Friend said about the transmission of this type of information. Revenue and Customs has now put in place procedures that require access and transfer to be approved at the very highest level of the organisation. It is quite clear from what has happened that that needs to be applied in the future as well. It cannot be left to someone at a junior level in the organisation to decide

[Mr. Darling]

whether information, especially information of this nature, should be downloaded—and then, in this case, posted in a way that was totally insecure.

Mr. Andrew Robathan (Blaby) (Con): The Chancellor has given my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) and my hon. Friend the Member for Harwich (Mr. Carswell) reassurances that any personal information stored for ID cards will be safe. However, after this astonishing display of incompetence, why would anybody have any faith in the Government or trust them to be able to keep personal information secure?

Mr. Darling: For the reason that ID cards match up biometric information with the information that is held, so that the person holding the information knows that the person asking for it is legally entitled to it. That is the difference between many other systems, which do not have that biometric lock, and the ID card system, which would have that biometric lock. It seems to me that that would give me and the hon. Gentleman, as individuals, far more protection than there is at the moment.

Helen Jones (Warrington, North) (Lab): The Chancellor acted promptly to ensure that the banks had systems in place to deal with the matter before it became public. However, he will be more aware than any of us that, now the matter is in the public domain, all sorts of people will try to work various scams through the internet and by telephoning people, claiming to be acting on behalf of the banks, to get personal information. What discussions has he had on alerting members of the public—some of whom may be in very vulnerable positions—to that possibility, to ensure that they do not give out personal information in response to those sorts of request?

Mr. Darling: My hon. Friend raises a perfectly good point. I said in my statement that people should be very wary if they receive unexpected phone calls or e-mails asking them for personal information. As I think we are all aware, that can happen anyway, but that is especially the case at present. Revenue and Customs is writing to all recipients of child benefit to explain what has happened, to set out what people need to do and to assure them that they will get their child benefit payments in the normal way. The letter says that if people do receive any unusual requests, they should decline to give the information until they are absolutely sure that the request is coming from the right place.

Stewart Hosie (Dundee, East) (SNP): This was a catastrophic loss of security and a fundamental breach of trust—so much so that Paul Gray resigned, which is honourable. I am concerned that the error made in March was fundamentally allowed to be replicated in October. I am concerned that the lost data, sent on 18 October, were not reported to the police until 14 November. However, I am most concerned about the system failure, including as regards the implementation of guidelines, which allowed a junior official to copy the entire child benefit database on to a disc and post it, unregistered, to anyone. The Chancellor said that he will work with the Treasury Committee—I have spoken to its Chair—and I hope that when he does he will raise the matter of process quickly, particularly the process whereby procedures are put in place to ensure that there is ministerial oversight and sign-off of all security matters—

Mr. Speaker: Order. I call the Chancellor.

Mr. Darling: The procedures were there. I am not saying that they cannot be improved; indeed, I am sure that they can be improved. As I understand it, the problem was that the people concerned did not follow the procedures. That is why we have the problems that we do. The senior management of HMRC are making sure that there are very clear instructions and that tighter procedures are in place. The reason that I asked Kieran Poynter to carry out his investigation and to provide me with an interim report next month is that improvements are necessary; that is beyond doubt, and I entirely agree with the premise underlying the hon. Gentleman's question.

Paul Farrelly (Newcastle-under-Lyme) (Lab): I, too, commend the Chancellor for his prompt and candid statement. I echo the sentiments of my hon. Friends the Members for High Peak (Tom Levitt) and for Warrington, North (Helen Jones) about the responsible way in which he allowed the banking sector time to prepare. May I ask my right hon. Friend, before the press do, who is bearing the cost of flagging the accounts and analysing transactions within the industry?

Mr. Darling: The banks have put in place those procedures; they have them. There have been data losses from time to time, so that is something that they are concerned with at the moment. We will continue to discuss with the banks what is necessary to safeguard people's interests in future.

Mr. David Heathcoat-Amory (Wells) (Con): What other organisations or agencies connected with central or local government are in receipt of, or have access to, any personal tax or benefit data held by Revenue and Customs?

Mr. Darling: All tax records will be the responsibility of HMRC, but there are procedures that lay down access to, or exchange of, information. That is governed by primary legislation in many cases, and by the Data Protection Act 1998, which has clear instructions on what can and cannot be done. There are also internal procedures. The inquiries that I announced today will look at those things. We need to make sure, first, that they are adequate to the task, and secondly—and equally important—that procedures are followed to the letter.

Anne Snelgrove (South Swindon) (Lab): It is clear that my right hon. Friend has struck a good balance between giving banks, building societies and the police time to do their work and informing the House. I welcome the appointment of Kieran Poynter to look into HMRC's processes. What is being done to ensure that our constituents' details are kept safe until the report is presented?

Mr. Darling: First, as I have said on a number of occasions this afternoon, there is no evidence that the information has fallen into the wrong hands, and the searches for it will continue. I set out the procedure and processes that have been followed by the banks in relation to flagging accounts. I have also said that Revenue and Customs has put in place a very tight regime that will prevent information from being downloaded or transmitted without its being signed off at a very senior level. I hope that both those measures will provide some reassurance in what is clearly a very difficult situation.

Mr. Michael Fallon (Sevenoaks) (Con): Another day, another incompetence. If the Chancellor knew on 10 November, can he tell the House on which date he alerted the banks, and why he dithered for four days before calling in the police?

Mr. Darling: I am not sure whether the hon. Gentleman was present during my statement. I said that on 10 November, when I was told about the matter, I immediately asked that there be a thorough search. That search was carried out by trained Customs officials who are used to looking for missing items. I was told on the Monday that people were optimistic that we would be able to find the package, but by Wednesday it was clear that that would not happen. That is when the Metropolitan police were called in. At the same time—this is an important matter—I was acutely conscious that we had to give banks time to put in place sensible precautions before it became public knowledge that the information was out there. The banks said that they needed time to put in place proper defences and it would have been wrong of me to ignore that advice.

I also said in my statement that I discussed the matter with the Information Commissioner, who was clear about two things—that the information had to be made public, but only after we had had an opportunity to talk to the banks and put in place such protective measures as were appropriate and could be put in place. I believe that I struck the right balance between a duty to tell the House what had happened, and a general duty to protect the public interest as much as I possibly could.

Mr. Mike Hall (Weaver Vale) (Lab): I welcome my right hon. Friend's statement about a matter which is a serious breach of the Data Protection Act. May I press him on the role of the National Audit Office? What I would like to see come out of the inquiry is the nature of the information that it requested, whether that request was compliant with the Freedom of Information Act and the Data Protection Act, and at what level the decisions were taken. There is always a responsibility on the people requesting information to be sure that they are legally entitled to have the information that they have asked for.

Mr. Darling: That is something that we need to establish. As I said in reply to a question from the Chairman of the Public Accounts Committee, the hon. Member for Gainsborough (Mr. Leigh), we need to establish who was involved at the NAO and HMRC, at what level, what they were asked for and how that request was responded to. One of the things that Sir John Bourn wants to examine is the nature of information that is asked for in future, as well as the handling of those requests and of the information if it is to be made available. It is entirely sensible that we should do that.

Peter Viggers (Gosport) (Con): It is appropriate that the Prime Minister should be present, because the whole tax credit system is a product of his over-fertile brain. We have long known through constituency experience that the situation is irredeemably complicated, but the present circumstances have shown us that it is also unduly intrusive. Will the Chancellor of the Exchequer undertake to look at the system again from first principles?

Mr. Darling: The matter does not concern the child tax credit. It concerns child benefit, which is a different benefit. I should have thought that the hon. Gentleman knew that.

Several hon. Members *rose—*

Mr. Speaker: Order.

Points of Order

4.32 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): On a point of order, Mr. Speaker. I have been working for a considerable time with representatives of Shrewsbury borough council to ensure that the brave servicemen and women from Shropshire who have served in Iraq and Afghanistan are given an appropriate civic reception to honour their bravery. Today we have been informed by media operations staff at the Ministry of Defence that they will not allow those service personnel to come to the civic reception which I am organising on 29 November because they claim that, as an MP, I am a politician and it would therefore be a political event. I find that disgraceful. We as Members of Parliament must do everything possible to ensure that our brave servicemen and women are recognised for what they have done. Would you please ensure that a Minister comes to the House and gives proper guidance in the matter?

Mr. Speaker: That is not a point of order, but I will tell the hon. Gentleman how I would do it. Get the Lord Mayor—in Glasgow it would be the Lord Provost—to run the civic reception. That makes it non-political and, of course, a local Member of Parliament can be there to welcome the troops back. That would be the way to do it. It was not a point of order. I am just giving the hon. Gentleman a bit of advice.

Philip Davies (Shipley) (Con): On a point of order, Mr. Speaker. During the statement that we have just heard from the Chancellor, no mention was made of the potential threat to child protection—

Mr. Speaker: Order. I will not extend a statement that has been made. I am sorry that I did not call the hon. Gentleman, but that's the way the cookie crumbles, as they say in America.

Orders of the Day

Channel Tunnel Rail Link (Supplementary Provisions) Bill

Order for Second Reading read.

4.34 pm

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): I beg to move, That the Bill be now read a Second time.

The channel tunnel rail link, or High Speed 1, is now open—on time and on budget. Passengers can now travel the 68 miles from St. Pancras to the tunnel at speeds of up to 186 mph. The journey from London to Paris can be made in two hours 15 minutes, and the one from London to Brussels in one hour 51 minutes.

From December 2009, domestic journey times will be slashed for commuters living in Kent, with the arrival of a new fleet of trains. London and Continental Railways, or LCR—the company that built the rail link—estimates that the project will generate an additional £10 billion of private sector regeneration investment along its route. Management of construction has been a tremendous success. In part, that is down to the structure in place: the corporate and contracting structures and the roles played by all stakeholders—LCR, the Government and a range of other partners. However, managing a construction project is not the same as managing a railway. The Bill makes a small number of changes to support a restructuring and make sure that the future structure is as effective as the existing one.

In 1996, London and Continental Railways won a contract to design, build and finance the channel tunnel rail link. That, however, was only the beginning of the story. The fact that the line runs from Kent to St. Pancras today is in no small part thanks to the efforts of Michael, now Lord, Heseltine. His focus on regeneration led to the rerouting of the original alignment under south London and enabled St. Pancras station to become the monument to British engineering that it now is.

In 1996, LCR and the Government signed a number of deals, of which the most important is the development agreement; LCR acquired not only the UK arm of the Eurostar joint venture, but brownfield development land around King's Cross and Stratford. The first part of High Speed 1 opened in 2003 and the second section opened last week. The 1996 financing plan was to borrow against Eurostar revenues; it soon became clear, however, that those revenues would not give lenders enough security.

Unwilling to see the project fail, my right hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott), then Deputy Prime Minister and Secretary of State for the Environment, Transport and the Regions, led a rescue bid in 1998. That comprehensive restructuring exercise secured the project's future; without my right hon. Friend's intervention we would not have celebrated the opening of St. Pancras earlier this month. My right hon. Friend's role was pivotal. Without his efforts, it is clear that High Speed 1 could not have been built. It stands today as an outstanding legacy to his political career. I hope that the House will recognise his achievement.

The National Audit Office concluded that the restructuring was well thought out and helped to maintain private sector discipline over cost. The arrangements that were put in place have now proved their effectiveness, as the project was completed on time and within budget. As planned, the new railway is fully open and the Eurostar services moved successfully from Waterloo to St. Pancras International overnight last week. I take this opportunity to thank everyone who played a part in that.

Government support will always be needed to fund major rail projects, but given the investment made by taxpayers, we now need to get the best possible return. In 2006, after speculation about the ownership of LCR, its shareholders decided that at that point they did not want to sell their interest in the company. However, as was announced to Parliament in March last year, the LCR board and the Secretary of State agreed to undertake a joint programme of work to evaluate potential restructuring options. The objective of that work was to identify and implement a future structure for the company that was affordable and maximised value for taxpayers. The work is not yet complete, but we have made significant progress.

A separation of LCR's three different businesses is planned—the infrastructure, including the track and stations, the land interests and the UK stake in Eurostar. Ultimately, as the Secretary of State said last year, we anticipate that there will be an open, competitive process for any sale, to secure best value for the taxpayer. The Bill is the first step towards that. Outside the Bill, a number of regulatory approvals must be granted.

Damian Green (Ashford) (Con): The Minister makes the important point that when the sale happens he will seek to gain the best value for the taxpayer. Can he cast some light on whether the Department will also have some regard for the travelling public who use the line, particularly in Kent, because one can imagine circumstances in which there would be a genuine tension between those two demands?

Mr. Harris: I can assure the hon. Gentleman that any restructuring process—indeed, any wider policy of the Department—will make the interests of the travelling public an absolute priority. I understand that he has concerns about the service pattern of Eurostar as it affects Kent, and he may want to say something about that later.

Dr. Stephen Ladyman (South Thanet) (Lab): While my hon. Friend is on the subject of the travelling public, he will know that my constituents are very much looking forward to using the domestic high-speed service. Many of them will want to go to Stratford international station and then get on to the docklands light railway to go into the City, as will be possible from 2010. Others will want to transfer from Stratford international station to Stratford domestic station to get on to the Jubilee line. Those two stations were supposed to be linked by a travolator, but I understand that there are now some second thoughts about whether that will be constructed or whether the link will be delivered in some other way. Will the arrangement that he is proposing make it more or less likely that we will get that essential link between the two Stratford stations?

Mr. Harris: That was an ingenious intervention by my hon. Friend. The short answer is that I am afraid that the Bill will make absolutely no difference to whether the travolator—an inelegant word if ever there was one—will be constructed. He is right that the requirement to build a mechanical link between the international and regional stations at Stratford was part of the original planning consent. He will perhaps already know that plans are now in place to build an access route from the eastern side of the station that will require passengers to walk about 200 m, and the procurement process to identify a suitable contractor is under way.

Outside the Bill, there are a number of regulatory approvals that must be granted, but if the timetable proceeds as we anticipate, the most significant sale—of the rail infrastructure—is likely to take place in 2009.

Mr. Eric Martlew (Carlisle) (Lab): We have had all sorts of problems with Railtrack in the past; now we have a unified railway system under Network Rail, with the exception of this line. Will Network Rail be able to bid to bring the line into the national network?

Mr. Harris: The answer is yes. However, I will not speculate about who might ultimately win that particular bidding process.

The Bill, though short, is the first visible step in the restructuring work package. Our work with LCR identified that High Speed 1 might be subject to two existing pieces of legislation—the Channel Tunnel Rail Link Act 1996 and the Railways Act 2005. As a result, there is a risk that legal or regulatory uncertainty about how the legislation interacts could jeopardise the Government's ability to get the best price. The first clause confirms that the Secretary of State's powers under the 2005 Act to provide financial assistance can be applied in relation to High Speed 1 and the train services that run on it.

The second and third clauses change existing provisions in relation to the regulation of the line, which is exempt from economic regulation by the Office of Rail Regulation. However, the Secretary of State has certain regulatory duties in relation to HS1, such as setting an access-changing framework and ensuring fair and non-discriminatory terms of access to the railway. There are some areas where the duties of the Secretary of State and the ORR overlap, or could overlap, and the Bill clarifies who is responsible for what and allows the ORR to recover the costs that it reasonably incurs when exercising its function and duties in relation to CTRL or HS1.

Sir Peter Soulsby (Leicester, South) (Lab): Does the Minister accept that while there has been an understandable focus on the enormous success of the passenger facilities that will be available with the reopening of St. Pancras, there needs to be an equal focus on the potential use of the rail link for freight? That has been a much less successful development, with, at times, as few as one train a day using the line for that purpose, and that needs as much attention in future as the successful passenger-related developments that have already taken place.

Mr. Harris: My hon. Friend makes a valid point. I know that he takes a close interest in rail freight matters. High Speed 1 might be appropriate for freight usage. The Government's hope is that decisions about access to High Speed 1 will be taken on a completely commercial basis. He is right to point out that the recent history of through-tunnel rail freight has been a difficult one, certainly in relation to the charging regime for travel through the tunnel. The Government have been trying to work that problem through with the owners and the rail freight companies. My hon. Friend is absolutely right that there is no reason why domestic freight should not use High Speed 1 in the future.

The Bill amends the statutory definition of "development agreement" in the Channel Tunnel Rail Link Act 1996 to include the word "operation". We are now starting to see the full extent of this project's value to the UK taxpayer. The financial receipts from any sales are likely to be significant, but the benefits of the rail link are wider than any simple financial transaction. LCR estimates that the new line is facilitating £10 billion in private investment in some of the most deprived areas of the south-east. King's Cross Central is a 27 hectare former goods yard that will accommodate new-build homes and reused warehouses, shops, offices and leisure facilities. Taxpayers will receive an agreed proportion of the proceeds from that development.

In Stratford, a 30 million sq ft development, including a new station, shopping centre and accommodation for athletes, will support the successful staging of the Olympic games in 2012. Journey times to the continent have been cut by at least 40 minutes, compared with before HS1 was built, and through tickets are now available from regional stations across the UK.

Rob Marris (Wolverhampton, South-West) (Lab): My hon. Friend talks about through tickets from regional stations and the regeneration effects of HS1. Bearing in mind that his constituency is on the west coast main line, as is mine and that of Madam Deputy Speaker and several other hon. Members present, can he say when we might see HS3 serving that line so that people outside the south-east can quickly get to the continent if they wish to do so?

Mr. Harris: I am grateful to my hon. Friend for that very helpful intervention. *[Laughter.]* We have plenty of time, Madam Deputy Speaker, but I am not sure that you would want me to digress to that extent. However, since the question has been asked, the channel tunnel, which was first suggested as a genuine capital project that would actually go ahead in the 1980s, gained support in the House because there was a commitment to link it via high-speed lines to points throughout Great Britain. My hon. Friend is absolutely correct about that. Subsequently, in the late 1980s and early 1990s, the then Conservative Government decided that direct high-speed links to the channel tunnel would not be provided—I am not making a political point here; this party supported their decision.

To bring the House completely up to date, it is a matter of record that our party's 2005 manifesto committed the Government to considering the case for high-speed links from north to south, and we have done that as part of the process leading up to the publication of our White Paper, "Delivering a sustainable railway", in July. The Government concluded correctly that although there may be a case in the medium to long term for high-speed lines as a way of meeting additional capacity demands, there was not as strong a case for them with regard to connectivity and journey times, given that Great Britain is a relatively small island. That discussion is still ongoing in the Government. We will make further consideration of the case. I hope that whoever is in this job in 2012 will make a relevant announcement at that time, in the run-up to the high-level output specification planned for publication in that year that will cover the control period from 2014 to 2019.

Mr. Gordon Prentice (Pendle) (Lab): My Friend or his ministerial colleague told me that the Government would not consider extending HS1 north until 2012. That is a tragedy because its extension would make a transformational impact. I have just come back from Taiwan, where a high-speed railway was opened in April. All domestic flying has stopped in Taiwan because it makes sense for people to travel on that railway.

Mr. Harris: I am grateful for my hon. Friend's brief travelogue, but I must emphasise that, in the context of connectivity in the United Kingdom, the case for high-speed lines is not as strong as it might be in other parts of the world. I do not accept that the high-speed line is, of itself, necessarily a good thing. There must be other economic and environmental reasons for such a line. It is a vast financial commitment over a long time, with certain consequences such as blight. Ultimately, travel times in Great Britain are comparable with some of the times that are achieved for similar distances between cities and other locations on the continent. I have not ruled out the prospect of more high-speed lines in Great Britain, but they must be considered on the basis of whether they benefit the economy and meet the demands of increasing capacity in the next 10 to 15 years.

Adam Price (Carmarthen, East and Dinefwr) (PC): Given the Under-Secretary's comments and the fact that people in the north of Scotland and in my constituency in the west of Wales currently and for the foreseeable future derive no direct benefit from the channel tunnel rail link, why is it still regarded as a UK-wide project? Why is Government funding under clause 1 excluded from the operation of the Barnett formula? Why that exclusion when we do not receive any direct benefit from the line in Wales or Scotland?

Mr. Harris: We are considering the first high-speed line to be implemented and inaugurated in our country and our capital city. I do not perceive any benefit in following the nationalist, narrow-minded dead end that the hon. Gentleman's comments suggest. To describe a high-speed line from St. Pancras to the channel tunnel as some sort of parochial benefit for the south-east is the worst form of nationalism. Nationalism takes many bad forms but that is one of the most small-minded attacks that I have heard since I gave an interview to BBC Radio Scotland two weeks ago.

Dr. Ladyman: The discussion is becoming terribly negative. I have worked out that my constituents in Ramsgate will be able to get to Leeds in four hours, including the time it takes them to change trains at St. Pancras, on the new service. We should celebrate that, not criticise it.

Mr. Harris: I am grateful to my hon. Friend for again bringing the debate back on track. We should celebrate High Speed 1. More than £8 billion has been spent on upgrading the west coast main line, slashing journey times between London and Glasgow, which will have a knock-on effect on people in Glasgow, including in my constituency, who want to use the west coast main line to travel to King's Cross and Euston, then go to St. Pancras for their onward journey to the continent. That is unalloyed good news for the whole of Britain, especially the British rail industry.

Sir Peter Soulsby: I want to revert to the pressure that has been put on my hon. Friend to consider other high-speed links in the UK. He has talked about the excitement that opening High Speed 1 has generated. Given the genuine excitement, the continuing and growing concern about climate change—and the effect of other modes of transport on that—and the ever-increasing congestion on existing lines, is not now, rather than 2012, or who knows when, the time to consider other high-speed links? We would thus capture the excitement of the moment.

Mr. Harris: I add a note of caution to my hon. Friend's comments. The environmental case for a high-speed line is often overstated and painted in black and white terms. Pushing any train up to significantly higher speeds takes great increases in energy, which has to come from somewhere. I return to the point that I made earlier. Connectivity cannot always be addressed by high-speed rail in a country the size of Britain. Given that the journey times between most of the major cities in Britain are already fairly modest, we are left with the conclusion that the main argument for new high-speed lines lies in the need to meet the increased expectation of higher capacity in the medium and long term. The Government are committed to considering that option. I hope that my hon. Friends and hon. Members in all parts of the House will accept that as a reasonable and mature strategy to pursue.

Sir Peter Soulsby: I thank my hon. Friend for giving way again. Does he not accept that the energy necessary to get those high-speed trains up to speed is worth expending if they get people off domestic airlines and make rail a realistic alternative for them?

Mr. Harris: Take, for example, the journey from London to Manchester as it stands currently. Even without high-speed lines, rail already has the majority share in that market. Once the west coast main line is finally upgraded, I expect that advantage to increase.

The Government are not in the business of telling airline passengers that they should not use airlines. We want to ensure that realistic alternatives are available when people make a judgment about which form of travel to use. Thanks to our investment in the wider rail industry over the past 10 years, and in the west coast main line in particular, people in this country have a realistic choice of whether to travel by train, rail or car. That was not always the case. Before 1997, and certainly 20 years ago, most people did not have a choice between rail travel and air travel. They now have a realistic alternative to travelling by air, and more are choosing railways even without the high-speed lines.

Rob Marris: My hon. Friend is being very generous in giving way. Given his background, can he tell me of a single Member of the House representing a constituency in Glasgow who takes the train more than once a month to get from his or her constituency to the House and/or back?

Mr. Harris: I would not want to speak for any of my colleagues representing the first city of Scotland, but I can tell my hon. Friend that I certainly use the railway to get from Glasgow to London every Monday morning—although that is a hostage to fortune. I use the train whenever possible, which works out at three times every month at least.

Local people in Kent will experience reductions in journey times to London from the end of 2009, with travel to Folkestone and Canterbury estimated to take about an hour. The brand new fleet of class 395 Hitachi trains will also be used to deliver the high-speed Javelin service during the 2012 Olympics, travelling from St. Pancras to Stratford in just seven minutes. The Bill sets in motion a restructuring package that will optimise value for money for taxpayers and put the railway on a firm financial footing for the future. I commend it to the House.

4.58 pm

Stephen Hammond (Wimbledon) (Con): Today we have the Second Reading of the Channel Tunnel Rail Link (Supplementary Provisions) Bill. It is a small Bill of only six clauses; none the less it is a difficult Bill and to some people almost impenetrable. However, behind it lies a unique British achievement: the channel tunnel rail link or High Speed 1, as we are now to call it. The first service left St. Pancras last week to universal acclaim, achieving recognition from all the national newspapers; indeed, even the *Evening Standard* put it on its front page. Those of us who attended the opening ceremony the previous week will remember for a long time the excitement and sense of achievement that we experienced that night. The crowning achievement is surely the reinstatement of the single span roof.

As the Minister rightly said, the contributions of Lord Heseltine and the right hon. Member for Kingston upon Hull, East (Mr. Prescott) are to be saluted. We on the Conservative Benches should also like to offer our congratulations to Mr. Rob Holden of London and Continental Railways and his team at the channel tunnel rail link on completing the project on time and on budget. We would also want to salute, as did the Minister, the efforts of all those who moved operations seamlessly overnight from Waterloo to St. Pancras. That was a major success and when the first train rolled out last week, it was a huge achievement.

High Speed 1 now stretches from the mouth of the channel right the way through the Kent countryside into east London via Stratford, terminating at St. Pancras—a total of 109 km or 67.7 miles. Although the London St. Pancras to Paris Gare du Nord service will be the main focus at the moment, we should not forget that about 40 per cent. of the capacity is being reserved for high-speed domestic services. Clearly, that will be a huge advantage for the commuters of Kent.

Dr. Ladyman: I am glad that the hon. Gentleman has recognised the benefits of the domestic services to my constituents in Kent, but may I gently remind him that

[Dr. Ladyman]

when the Conservative Government left office, they had no plans for a domestic high-speed service? In fact, they had ruled them out. It was my right hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott) who insisted that there must be a domestic service on the CTRL.

Stephen Hammond: I thank the hon. Gentleman for that, but let me remind the hon. Gentleman that on 20 February 1996, it was the Conservative Government who had the vision and awarded the contract to put that in place. They awarded the contract to London and Continental Railways to build and operate the channel tunnel rail link. Who would have dreamed that we would see 186 mph travel from the UK to France and beyond, as well as on domestic services? Certainly anyone using domestic services at the moment could hardly have dreamed of that.

Rob Marris: Given the vision of the Conservative Government—I absolutely salute that vision for the channel tunnel—what are the hon. Gentleman's views on the possibility of High Speed 3? If his party were in government, would they support it and, if so, would they put any public money into it?

Stephen Hammond: I am delighted to respond to that intervention. I know that the hon. Gentleman is a keen student of our policies, not to mention explanatory notes, so I am somewhat surprised that he does not seem to have noticed that we have already said and confirmed—it is in Conservative party policy—that an incoming Conservative Government will conduct a feasibility study for HS3.

As I understand it, the Bill is intended to make minor amendments to current arrangements. There is a belief that the structure of London and Continental Railways, which has contributed to success in construction and delivering the project, may not be the best on an ongoing basis and for its operational purposes. As the Minister said, the Government and LCR have thus undertaken an evaluation of available restructuring options. The Bill is being enacted so that that process can happen.

As the Minister stated earlier, the Government believe that splitting LCR into its component businesses is the best way forward, so the Bill introduces a small number of measures to clarify the legislative and regulatory status of High Speed 1. The Government believe that, without their intervention and the Bill, there would be risk of legal and regulatory uncertainty. In Committee, we will look to the Government to clarify, quantify and justify that position.

Mr. Martlew *rose—*

Stephen Hammond: I am delighted to give way.

Mr. Martlew: I am very pleased that the hon. Gentleman is delighted. I just asked the Minister whether he would be happy for Network Rail to bid for this particular line. I put the same question to Her Majesty's Opposition.

Stephen Hammond: Network Rail will be able to bid for it. As the Minister said, it would be wrong for anyone in the House to prejudice the outcome of the bidding process.

The Government assume that if the assets of LCR were sold, their value—without this legislation—might be sub-optimal due to the lack of clarity about the funding arrangements for capital construction and the future. One of the things that we will be keen to learn from the Minister is what guarantees the Secretary of State has given with regard to the construction phase. Will the Bill allow the assets to be sold with those guarantees? Does it imply that if London and Continental Railways assets were sold, the debt would remain guaranteed by the Government and the original funders?

The Minister was right to say that clause 1 implied the existence of a sufficient level of uncertainty over whether the powers that the Secretary of State had to fund the project during the construction phase would continue into the operational phase. We shall want the Minister to clarify at some point whether he means that those powers apply to the whole channel tunnel rail link, or just to the channel tunnel rail link and LCR after the construction phase. Does the uncertainty stem from some ambiguity in the original Act, and why did that Act not cover the post-construction phase? That is an important point because, as the Minister well knows, later this week a Bill analogous to this will be considered in Committee, and we need to be sure that the provisions in this Bill cannot be applied to the construction phase of another major project.

I assume that the import and intent of the Bill will not affect a net change in the overall cost to the public exchequer, but merely confirm what is already the case. However, questions arise from the Secretary of State's power to continue to fund the channel tunnel rail link and the trains that run on its infrastructure. Does that imply that the subsidy applies to both infrastructure managers and train operating companies? Will the Minister confirm that there will be no overall change in public cost, but merely a restatement of the guarantee? Why is it envisaged that the Government will subsidise the operating cost, and for how long is that envisaged to last? If Eurostar train operations succeed or at least break even, why should the public purse continue to operate a public subsidy? All that arises in clause 1. Although the Bill itself is small, we shall have a fair amount of work to do in Committee.

Clause 2 appears to repeal some of the provisions in the Channel Tunnel Rail Link Act 1996 relating to the Office of Rail Regulation which it is claimed are no longer necessary. Again, we shall seek clarification of the exact extent of what the Government are doing. Under section 16(1) of the 1996 Act, any operator of CTRL is not required to hold a licence under the Railways Act 1993, and therefore access arrangements relating to the channel tunnel rail link do not generally require the prior approval of the ORR. We shall seek elucidation of why the operator is not required to hold a licence. Will that continue into the operational phase, and, if so, does the Minister expect the position to change? Do the access arrangements that currently do not need prior approval not need it because they have been agreed, or because they will be regulated by some different method?

I understand that all access contracts in relation to the channel tunnel rail link are outside the regulation of the ORR under the terms of the 1993 Act. How long does the Minister intend that to continue, and is it really desirable? What impact will it have on the ORR's normal powers in relation to safety and performance? All that is covered by clause 2, which is short but gives rise to a number of issues.

Clause 3 makes some changes to the ORR's duties in relation to the channel tunnel rail link. It gives specific powers to ensure that functions in connection with the national rail network which the ORR formerly exercised to prevent the construction project from being adversely affected are now changed. It is a small repealing measure. As the Minister said earlier, clause 4 allows the ORR to charge a fee to the operators of the channel tunnel rail link in proportion to the cost that is incurred.

Although this is a relatively small Bill, clauses 1,2 and 3 will require scrutiny in Committee. As I said earlier, however, behind the Bill stands a unique British achievement, and the Minister was right to praise it. Conservative Members also salute that unique achievement.

I am grateful to the Minister for his offer of a briefing prior to the Committee stage. I hope it will be enlightening, and that it might raise the scales from my eyes with regard to some of the Bill's more technical points. We intend to aid the Bill's parliamentary progress and I ask my colleagues to support it.

5.10 pm

Mr. Charles Clarke (Norwich, South) (Lab): As the hon. Member for Wimbledon (Stephen Hammond) has said, this is a short Bill which is uncontroversial in the House. It does have some significance, however, certainly for people such as my constituents in Norwich who are trying to use Stratford station in the way suggested by my hon. Friend the Member for South Thanet (Dr. Ladyman)—to get better access to Eurostar and services to north Kent. I want to probe a little the remark made in response to his intervention by my hon. Friend the Minister, who said that the Bill will make no difference to the development of that.

I strongly support the Bill, particularly the part that confirms section 6(1) of the Railways Act 2005 giving the Secretary of State the power to

"provide, or agree to provide, financial assistance to any person—

(a) for the purpose of securing the provision, improvement or development of railway services or railway assets; or

(b) for any other purpose relating to a railway or to railway services."

As I understand it, clause 1 of the Bill confirms for the avoidance of doubt that the Secretary of State can following completion of the construction project continue to provide financial assistance to CTRL—the channel tunnel rail link—under the powers of the 2005 Act. That is one of the clarifications that the Bill seeks to make.

In particular, the Bill confirms the Secretary of State's power to provide capital funds through a range of different mechanisms for the CTRL project. I understand why my hon. Friend the Minister therefore said that the Bill was not associated with a high-speed link such as High Speed 3 or HS4—or, in the case of Norwich, probably HS15, when it comes around. He might be interested to know that the leader of the Liberal Democrats on Norwich city council is arguing for us to get a full high-speed link—that HS15 project—right away, but I understand the public expenditure constraints my hon. Friend the Minister described.

The Eddington report's statement that we should be trying to get far more efficiency out of our existing network is of relevance to the Bill and this issue, and in particular the question of the interchange between the main line service between Norwich and London—and other services coming into Stratford—and Eurostar and the Kent system. It seems to me—perhaps this will be clarified in the wind-up—that the power that the Bill confirms allowing the Secretary of State to require that money be spent on improving this network and the assets related to it could in principle, if the Secretary of State so desires, apply to creating out of Stratford station an effective high-quality interchange. I want to elaborate on that point.

The Secretary of State should use that power to invest capital in the vital interchange station at Stratford, and in particular either to construct a travolator—it would have been far better had that been established earlier—or another convenient walkway, such as the eastern egress walkway which is currently being talked about, from the main line and other services at Stratford to the new international station on the Eurostar route. As other interventions have suggested, that will also be the connection to the new service to north Kent. Therefore, this is not simply to do with a high-speed service from the constituency of my hon. Friend the Member for South Thanet or from Ashford; it is also to do with an interlink for people travelling from East Anglia to Kent. If they have that interchange at Stratford, the services will be improved.

There is discussion and argument about what the exact distance of the interchange will be. I understood that it might be 400 m to 600 m, but I heard the Minister say he thought it might be 200 m. It will in any case be a relatively short distance, but it does not seem to me to be an unreasonable demand that people travelling internationally—going on holiday, perhaps—should not have to lug their bags about and should instead have the kind of automatic transit that we see in every airport in the country. My hon. Friend the Minister might confirm whether I am right, but that does not seem to me to fall outside the Secretary of State's remit in terms of the capital investment they could require.

Of course, the case for investing in the interchange station is very powerful. There are three central arguments. First, as I said a moment ago, it would increase use from East Anglia and some parts of London, including the Canary Wharf area—that is not entirely insignificant when looking at business on the Eurostar service—of both Eurostar and the service to north and east Kent. As the hon. Member for Wimbledon said, that represents about 40 per cent. of the capacity of that line. That increased use would be a real benefit to millions of people, certainly including my constituents but also many others throughout the whole east and south of the country.

The second case for investing in the interchange station is that it would increase revenue to Eurostar and put the Government in a stronger position to gain a

[Mr. Charles Clarke]

proper return on their investment, which I understand is one of the Bill's purposes. For example, a survey commissioned by Newham council from Buchanans suggested that such a change would increase Eurostar's revenue by no less than 10 per cent. That is a big increase. There have been counter-suggestions that the figure could be as low as 2 per cent.; however, even 2 per cent. should not be sniffed at if one is trying to get better use of the network as a whole. That would be a matter of real interest to those involved in the restructuring of London and Continental Railways. In the context of the restructuring that the Minister described in his opening remarks, the potential travel and transit on the route is very important.

Mr. Martlew: I am listening very carefully to my right hon. Friend, who is talking about changing at Stratford to get on the Eurostar. Does he share my concern that very few of the trains stopping at Stratford will be going on to the continent?

Mr. Clarke: I am glad that my hon. Friend has raised that issue, because I am very concerned about it. I had a series of meetings over the summer with the people running Network Rail, Eurostar and various other services, such as National Express, which runs a service through that station. I was not going to say this but perhaps I will—despite the assurances that I received from Eurostar, I want it to be spelled out in terms that the service will stop at Stratford with the frequency required.

I note some of the things that have happened to the Ashford service—the hon. Member for Ashford (Damian Green) is in his place—and I am slightly concerned that the Eurostar management would really like people to travel from St. Pancras to Ebbsfleet and on through the tunnel, without bothering about Stratford and Ashford. I might be wrong in saying that and I am not making that charge directly, but it is a concern. That is precisely the reason why I draw attention to the Secretary of State's powers in these matters, which is what this Bill is about. The Secretary of State can use such powers, and I shall deal in a moment with the effort by the former Deputy Prime Minister to use such powers precisely because some of the companies concerned were not prepared to go along with what the Government were seeking to achieve.

Dr. Ladyman: I agree with everything that my right hon. Friend is saying about the importance of the interchange between the regional and the international station. However, I should point out in the light of what has happened to Ashford that Eurostar management never gave any hint that they were intending to cease the stopping of the Brussels train at Ashford while the station was being built, and while their support for Ashford was necessary to build Ashford International. I, like him, have my doubts about whether they will be committed in the long term to the Eurostar's stopping at Stratford, for the same reason.

Mr. Clarke: I am grateful for that intervention and I think that my hon. Friend will agree that the strongest way to convince the management of Eurostar—or, indeed, of any train service—of the utility of stopping at a particular station is the impact on passenger numbers and, therefore, on revenue. That is why I cited just before he intervened studies suggesting that revenue would increase if the kind of investment in Stratford station were made that would make a difference to the motivation of the management. I do not blame Eurostar management for wanting to run a service in a way—in the right way—that makes them money, but I question whether they are making the right judgments from the point of view of revenue development.

I was arguing, first, that investment in the station would increase the use of services, and secondly, that that would therefore increase revenue to Eurostar, which is in the interests of Eurostar and of the Government of the day when looking at the restructuring described in the Bill. Thirdly, that change would increase incentives to travel by rail, rather than by car. For example, it would reduce the amount of car journeys from East Anglia to Ebbsfleet to pick up the Eurostar. Some in the train business believe that it is okay if people drive to Ebbsfleet, but it is getting on for a 100-mile drive from parts of my constituency to there. It would be far better if people got on the train and made the change at Stratford if they were going to do that.

The regulatory impact assessment suggests that

"the provisions within the Bill do not have a direct impact on emissions".

That refers to carbon emissions. I am certain that the indirect benefits for the environment are significant.

I am arguing about utilisation and the benefit to constituents; about revenue to Eurostar and, therefore, ultimately to Government in the restructuring that is talked about; and about sustainability and environmental improvement. For all those reasons, I maintain that capital investment at Stratford is important. I am delighted that my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody) is in her place, because she chairs the Select Committee on Transport. *[Interruption.]* She moves so elegantly that it is a miracle to behold. I hope that I shall not misrepresent the Committee's central conclusions. I read them to say that the Committee had come to the view that the interchange at Stratford would enhance the rail network as a whole and would take the situation forward positively.

Martin Linton (Battersea) (Lab): Does my right hon. Friend accept that it is difficult to reach St. Pancras station from some parts of London? The development of an orbital service in London whereby it is possible to go around the centre of London rather than through it, and increasing congestion in the centre, may mean that his campaign for all trains to stop at Stratford and for better facilities there will get support from many people in London for whom the move from Waterloo to St. Pancras, although welcome in some ways, creates a longer journey to get on the Eurostar in the first place.

Mr. Clarke: I strongly agree. I think that I am right in saying that Stratford is the sixth largest interchange station in London, for exactly the reason that my hon. Friend suggests. I cited Canary Wharf, although I know that it is not in his constituency. Let us consider air travel, for example, the routes from London City airport to Brussels, Paris or elsewhere. The chances of getting people working in such places on business to go quickly by changing at Stratford are much better than

hoping that they will go back to St. Pancras, drive to Ebbsfleet or use some other route to get on the train. I hope that they will be able to make such a journey in a much more effective way.

The Bill is important because Government intervention is necessary to achieve these benefits. Reference has been made to the fact that in 2001 the then Deputy Prime Minister, my right hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott), set down clear conditions for a high-quality interchange at Stratford, placing a planning obligation upon Union Railways, the company constructing the channel tunnel rail link. There is little doubt that Union Railways openly flouted the requirement, despite an explicit Government instruction. Union Railways claimed that it could not afford either the capital or the ongoing maintenance costs for this improvement, and eventually the Government's stipulation was, sadly, simply ignored. Representations were made by many people: those who were dealing with the London gateway; people from Newham council and a range of different other areas; and some rail companies that wanted the improvement to happen. I understand that when detailed legal advice was taken, those who supported carrying through the Government's commitment did not think that they would legally win the case to do that, so it got slid away.

It is important that we use the power in section 6(1) of the Railways Act 2005, which, as I understand it, this Bill confirms will apply directly to this railway system, to require the investment that is needed. The attitude exhibited by Union Railways was unacceptable, which is why the Bill's requirements are necessary. The Secretary of State should use her powers in the ways that I have described.

The power can, and should, also be used to encourage good connections to the Eurostar from throughout the country. The Under-Secretary of State for Transport, my hon. Friend the Member for Glasgow, South (Mr. Harris), makes a powerful case in resisting HS2, HS3, HS4, HS5 and so on simply because of the amount of money involved. That is a serious factor. However, would it not be possible and better to invest relatively much smaller sums to use connections such as Stratford in a way that genuinely creates an integrated system?

The regulatory impact assessment explains that the Bill

"sets out provisions which will facilitate the restructuring of LCR by clarifying the legislative and regulatory position of the HS1 railway, and goes on to say that without government intervention there is a risk of legal or regulatory uncertainty affecting the restructuring, which could jeopardise Government's ability to optimise value for the taxpayer."

That is a serious warning in the RIA, when we consider the situation in the round, and that is why the Bill is necessary. However, that is also why I urge the Secretary of State to ensure that the clarification includes the commitment to capital investment in a high-quality interchange at Stratford station.

The RIA makes it clear that the Government will receive capital receipts if assets are sold. I believe that a good use of such receipts would be to invest in the capital work at Stratford station that I have suggested. Such an investment would be worth while for the country, so I hope that Parliament will pass the Bill and that the Secretary of State will act on it.

I would welcome the Minister's reflections on his response to an earlier intervention that the Bill would make no difference to Stratford station. I am aware that he was responding on the hoof, but I hope that he was wrong. I hope that the powers established by the Bill will give the Secretary of State the power to encourage the development of a high-quality interchange at Stratford, which would be important for my constituents and more widely, for the reasons that I have set out today.

5.26 pm

Susan Kramer (Richmond Park) (LD): This is a short but highly technical Bill. I agree with the Conservative spokesman in appreciating the fact that we will get a briefing on the Bill next week, and I am also conscious that there will be work to be done in Committee. Although the Bill's clauses seem narrow, the consequences have significant monetary value, whether for the taxpayer or the fare payer ultimately using the range of services. Like others, I was caught up in the excitement of the completion of the channel tunnel rail link and the glittering opening of St. Pancras station. It was a glorious evening, and there was a certain satisfaction in seeing a project such as High Speed 1 come to a successful conclusion and feeling that we, too, had a high-speed service, not just the continental Europeans.

I shall not go into detail on the history, because others have, but it has some warnings embedded in it. It would be best to keep some of those warnings in mind as the Bill makes progress.

I suggest to the Minister and the Conservative spokesman that it is wise to be cautious about using the phrase "on time and on budget". When the right hon. Member for North-West Hampshire (Sir George Young), then Secretary of State for Transport, announced the award of the contract to London and Continental Railways in 1996, the total Government contribution was set at £1.7 billion—with no guarantees or loans—and the completion date was 2003. It was only with the rescue package—I commend the Government on their willingness to push that forward in 1998—that we actually got the project that people now describe as on time and on budget. Most people agree that there may have been some flaws in the procurement that made it a much easier target to achieve.

The Government now stand credit behind £3.7 billion in bonds issued by London and Continental Railways. There is still a potential for the Government to loan directly up to £400 million, and up-to-date figures on the likely figures would be welcome, although that seems to be a constantly moving target. The Government, for their pains, have in effect obtained the equivalent of an equity stake of approximately 35 per cent. in the company and, in 2006, LCR was reclassified as a public sector company.

The flaws in procurement raise several issues. It is clearly evident that the private sector managed to out-negotiate the Government into entering a contract in which the risks remained overwhelmingly with the public sector, with precious little remaining with the private sector. The Government—I suspect that the problem lies largely with the Treasury—were far too

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naive in their analysis of passenger numbers. The original forecast that Eurostar would have 21 million passengers by 2004 was ludicrous. Even the revised and re-revised downside cases of 8 million passengers by 2006 have been missed. Passenger numbers are starting to move up a bit now, but I would be interested to hear from the Minister about the greater risk profile for passenger numbers now that the base has been moved to St. Pancras.

As many in the industry recognise, the business commuters based in south London are an important element of Eurostar's passenger numbers. They have taken advantage of the Heathrow, Gatwick and Waterloo triangle, but they will now be lost. I shall be interested to know the potential impact of that loss on the project, and to what extent the money that the Government have put in may be put at risk.

Mr. Martlew: Does the hon. Lady accept that people going to Heathrow have to use Paddington anyhow, and that the ones going to the continent may as well use St. Pancras? I am afraid that I do not agree at all with this part of her argument.

Susan Kramer: One has to look at how people function in real life. The reality is that significant numbers of business customers in south-west London have been happy to make the easy journey by train to Waterloo, but that they simply jump in a cab to go to Gatwick or Heathrow. It is unfortunate, but their passenger business will largely be lost, as the journey to St. Pancras will be more than an hour longer than the current journey to Waterloo. In addition, it will be far more complex, with passengers having to change trains and manage their bags and so on. All those are significant matters and, if we are to understand the value of the Government's investment in the project, they cannot be ignored.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): I had not intended to intervene, but the hon. Lady seems to be suggesting that all our business men and women live in south London, something that may come as a bit of a surprise to my hon. Friend the Member for Vauxhall (Kate Hoey) and one or two others. Moreover, she seems to ignore the fact that many people in the triangle that has been mentioned, as well as in the midlands and the north, will benefit from the transfer of the Eurostar service to what is a fantastic and sparkling new station. We should try not to be too parochial when we talk about the rail service—except, of course, when we do so in relation to Crewe and Nantwich.

Susan Kramer: Obviously, I respect the hon. Lady's expertise and knowledge when it comes to transport, but the triangle offers three options for travel to continental Europe. The existence of that cluster of departure points has attracted a significant number of people to live in the area: they make the journey on a regular basis and are an important element of Eurostar's passenger base. It is not that business people do not live all over London, and in the north and the midlands, but they are less likely to make regular rather than occasional journeys. That changes the profile of Eurostar use, as the company has recognised.

Kelvin Hopkins (Luton, North) (Lab): Does the hon. Lady accept that, in the fullness of time, there will be an upgrade of the Thameslink services between south London and the new St. Pancras International station? There will be an escalator straight up to the Eurostar platforms, so will that not make a difference?

Susan Kramer: I confess that I have sometimes used the phrase "Thameslink 3000", but I accept that any additional access to St. Pancras will mitigate the problem that I have identified. The project has constantly failed to meet its forecast targets, especially in respect of passengers, and the cash flows involved—in the early stages in particular—are significant. The problem that I have described is not major, but it should be noted and not ignored.

Mr. Harris: I am grateful to the hon. Lady for giving way, but I hope that she will clarify her position. Is she suggesting that it was wrong to choose St. Pancras over Waterloo International as the Eurostar terminal? Does she believe that Eurostar services should have continued to go from Waterloo instead of St. Pancras?

Susan Kramer: The original plan—in many ways framed as a promise—was that services would continue to leave from Waterloo as well as from St. Pancras. I had hoped that we could keep to that commitment, even though I accept that it would have been difficult to achieve in financial terms.

Mr. Harris: I am grateful to the hon. Lady for giving way to me a second time, and I shall try to make this the final intervention that I make on her. She has said that the option of using both stations was too challenging in financial terms, so which would she prefer as the single terminal—Waterloo or St. Pancras?

Susan Kramer: I would have preferred not to spend the additional money on moving to St. Pancras, but I was relying on the idea that we could manage to use both stations. Finding a mechanism to do that would have been to the greatest advantage of both.

Stephen Hammond: My constituents are undoubtedly affected by the move of operations from Waterloo to St. Pancras, but none the less St. Pancras is a magnificent achievement. Does the hon. Lady agree that people from south-west London are more concerned about the fact that platforms at Waterloo that could have been used to ease overcrowding will not be used?

Susan Kramer: I very much agree with that point and will address it later in my comments, which are not long so the hon. Gentleman will not have long to wait.

I appreciated an earlier intervention about the disappointing amount of rail freight using the channel tunnel, so I am interested in the Bill's implications for freight. There is a general perception that, rightly or wrongly, one of the difficulties in increasing the amount of rail freight using the tunnel has been the conflicting interests within the SNCF, as both owner and provider of rail services. As the Minister is aware, other freight operators, such as EWS, are extremely frustrated at their inability to get access to the channel tunnel for the services they want to run.

Given the restructuring of the project—the separation into different packages of the track, operations and property—it would be exceedingly interesting to know how possible conflicts of interest will be addressed, as it is perfectly possible that somebody could be an investor in more than one of the pieces. The ongoing frustration that we hoped was coming to an end could thus continue, so I shall be interested in the Minister's comments on the issue.

I am sure the Minister agrees that freight is an important concern for all of us, especially with climate change in mind, and that the need to shift freight from road to rail is extremely pressing and would have general benefit.

Kelvin Hopkins: I strongly agree with the hon. Lady about freight. Does she accept that the channel tunnel is one of the costs that must be borne by Eurostar services, and that the tunnel will be uneconomic unless and until we put much more traffic through it? As there are not enough passengers, that traffic will have to be freight, so does she agree that we need a delivery system for freight on our side of the channel to make full use of the tunnel to make it an economic proposition, which will benefit Eurostar indirectly, too?

Susan Kramer: I very much agree. There is huge demand for continental freight transport and I am concerned about the quantities of freight that are likely to arrive in the UK—the industry suggests another 2 million trucks-worth within 10 years. The only way it can be moved successfully through the country is to have more freight capacity on our rail lines overall. I am a fan of dedicated freight lines, which are not a subject of the Bill, but the idea feeds into its general structure, as the framework could be affected by the terms of the Bill.

The quality of procurement for the project is relevant, because the Bill would shape the sale of the underlying asset—possibly the next step. As the Minister is aware, in 2005 the National Audit Office took the view that the taxpayer was still likely to be called on to fund a shortfall in LCR's cash flow, and that the economic justification for the links remained marginal. Those issues will have to be addressed in the next step.

In 2006, the Public Accounts Committee came to similar conclusions and recommended that the Department for Transport should actively manage the size and timing of LCR's call on the access charge loan, to give LCR and Eurostar an incentive to maximise revenues. It would be interesting to understand how the Bill, and the sale that will follow on, will impact on those issues.

The Minister has confirmed that, in effect, the Bill is a preparation for sale. Rob Holden, the chief executive officer of LCR, said:

"After November 14, the restructuring"—

I think we can safely read the word "sale"—

"will be our No 1 priority."

I fully support what was said in the Treasury minutes, in 2006, in response to the National Audit Office. It was noted that

"the best way of protecting the taxpayer's interests would be for there to be an open, competitive and transparent process before the sale of LCR".

The Minister has been kind enough to let us know that the likely structure will involve a division between track and train operations, and property. He has confirmed that it will be possible for Network Rail to be one of the bidders. I wonder whether he is able to go into some of the ways in which the Bill could help to make sure that the project remains an integrated part of our overall network—rather than standing alone—given that the rest of the track in the country is owned directly by Network Rail. There is also the issue that I raised before: ensuring that we do not, through the creation of complicated consortiums that own different pieces, find ourselves once again facing an anti-competitive conflict of interest—which seems to have expressed itself in resistance to allowing other freight operators to use the tunnel.

I am rather unclear about the impact of the sale. Will the Government receive an equity return that involves getting their 35 per cent. stake back? What will happen to the debt? Will that be repaid through the financing? Given that the construction risk was one of the primary arguments for the Government's agreeing to stand behind £3.7 billion of debt, and that construction risk is now over, will we have some assurance that guarantees on that figure will be removed?

Can the Government try to give us some confidence that the public will genuinely get value for their support for, and investment in, this project? I just give some warning in relation to the recent example of Northern Rock. That reminds us that the private sector tends to think that it can play fairly fast and loose with public money and with the Government in these kinds of circumstances. The Minister will be conscious of the pain and anguish that has followed the collapse of Metronet's public-private partnership. That demonstrated that such negotiations will be exceedingly complex, if they are to be successful.

I want to ask the Minister about the use of the proceeds from the sale that the Bill structures. Others, including the Conservative Front-Bench spokesman, have mentioned that the Environment, Transport and Regional Affairs Committee reminded the Government in 1999 that, when the Channel Tunnel Act first got parliamentary approval in 1987, the regions were promised a benefit. It was to be for them as much as for the people in London. The ETRA Committee report that looked at the final project said:

"The regions have been cheated".

The Government could begin to fulfil that promise to the regions by directing all or part of the proceeds from the sale into expanding the high-speed rail network. That would not pay for the network from beginning to end, but it could begin to provide part of the Government proportion and begin to pay for the planning and feasibility studies. We could begin to look at the kind of structures that have been used for the Crossrail project, for example—the kind of structures that could bring development and business money in, to enable a high-speed network to be developed. My party is going to look at a lot of that over the next year.

I join others in saying that high-speed rail has huge potential in this country. The Government are short-sighted in putting off even looking at High Speed 2 until 2012. Although they may argue that with three or four hours to spare a person can make a rail journey between significant parts of the UK, the benefits that

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come from high-speed rail—we shall see them in Kent—are jobs and regeneration. Given the intense population pressures in the south-east, the use of a rail network that combined high-speed rail with dedicated freight lines, to take business, jobs and opportunities across the country, rather than keeping them essentially south-east and London-centric, would be of benefit to absolutely everybody. We have a pot of money—not the largest in the world, but a significant one—that the Government must, to some extent, regard as a windfall; it could be put towards trying to make that happen. That would live up to the early promise associated with the channel tunnel and the beginning of the idea of an exciting, new and different future for rail in this country.

Dr. Ladyman: I have listened carefully to what the hon. Lady says, and I do not at all rule out the possibility that there will need to be further high-speed projects in future. I do not think that there is one fag paper's difference between the positions of the Liberal Democrats, the Conservatives and the Government, all of whom basically offer a feasibility study on further high-speed lines. However, those feasibility studies have to take account of not only the cost of constructing high-speed lines, but the opportunity cost. It may be that what would give us the best bang for our buck—the best reward for the regions—would be to spend the money on accessing existing mainline stations in the regions, or on improving stations such as New Street. That might actually give faster journey times to London, as opposed to the rather marginal benefits that a new high-speed line might offer.

Susan Kramer: I thank the hon. Gentleman but I think that there is huge opportunity with High Speed, and that ignoring it may be to our detriment. A point that he missed is that when a new line is created and opens up genuine opportunity—Crossrail is an example—there is an ability to capture the development money. He will be aware of the Jubilee line figures: there was a cost of £3.2 billion, even with overruns, but an estimated benefit to developers of £13 billion. The money to get the line built, and the profits, were only just captured. In recent years, we in this country have taken a rather poor approach to the way in which money can be pooled together, because of the benefits, to create infrastructure. A change in the thinking is required. I hope that the Government will use the significant amount of money that will hopefully come from the line to open up that world of possibilities.

The Minister must have expected me to mention my next subject, and the Conservative spokesman gave me a wonderful prompt. I believe that there are obligations to those who lost out with the new link. My constituents in south-west London, who valued the Eurostar at Waterloo, are obviously in that group. My hon. Friend the Member for Kingston and Surbiton (Mr. Davey) and I have been assured by the Minister in previous exchanges that two of the Eurostar platforms at Waterloo will be transferred to South West Trains in 2008 to improve our commuter services, and that in the 2009 to 2014 cycle, the remaining Eurostar platforms will be converted to domestic use to allow 10-car trains on all lines into Waterloo. I raise the issue because recent press reports questioned that timetable and that plan. This is an opportunity for the Minister to give us reassurance on that point.

Like the Conservative spokesman, we fully support the Bill and the intentions behind it. We shall be interested to follow the details in Committee; that is for the benefit of all, because as we know, a small, technical drafting error in such a Bill can have significant financial consequences. We are delighted to support the Bill today.

5.48 pm

Mr. Eric Martlew (Carlisle) (Lab): I am pleased to have been called to speak, because it means that the high-speed link has been completed; that is why we are debating the Bill. It is strange that when there is a problem the Chamber is full, but when there is a success, such as the one that we are considering now, there are very few people present—but that is the way of the world.

I visited the line a number of times during its construction. The last occasion was on 14 November to see the start of the regular services between St. Pancras and the continent. It gave me—and, I am sure, many other people—great pride to see the reinstatement of St. Pancras. It is probably now the finest station in Europe. New technology was used on the line leading into the Victorian station; it was a great combination. Contrast that with the sense of shame that many of us used to feel when we travelled from Waterloo on that Victorian railway, which slowly chugged its way along to the channel tunnel. It went through the tunnel and came up on the French side as a high-speed railway. No doubt there was a feeling of shame, but now we do not have to feel that. We leave from a station that is probably the finest in Europe and arrive at a shoddy station in Paris. Perhaps we should not take comfort from that, but we will.

The opening of the rail link has been a great occasion and we should take pride in it. We should give thanks to the project team which lately, since 1998, has delivered it on time and on budget. It is a matter of great regret that the project team, which is the equal of the best Victorian engineers that we ever had, is being broken up because we do not have a plan to take the high-speed link further.

I pay tribute to my right hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott), the former Deputy Prime Minister, who had the vision and the courage. It was 10 o'clock on a night in January 1998 when he came to the House and made a statement that the deal had been done and that a public-private partnership had been created. It was interesting to hear the spokesman for the Liberal Democrats asking where the money would be spent now. We should not forget the contribution that my right hon. Friend made, and I was pleased to see him at St. Pancras on 14 November.

I have been questioning the Minister about the Bill and whether Railtrack will be able to bid. I am delighted about that, because we do not want a fragmented rail system again.

Dr. Ladyman: My hon. Friend said Railtrack, instead of Network Rail.

Mr. Martlew: I am sorry. Railtrack caused us nightmares. Network Rail needed to be created and we now have a system that is working well. The Minister pleased me when he said that it would be allowed to bid. I shall be interested in the financial arrangements that will allow it to do so. That is good news.

Now that we have High Speed 1, we must develop High Speed 2—somebody mentioned High Speed 3, but we do not yet have High Speed 2—and bring the line from St. Pancras to the north. One or two hon. Members have mentioned that there is some resentment in the rest of the country about the amount of money that has been spent on infrastructure in the London area. The public transport system in London is very good. In my constituency the only alternative to a bus is to walk. I chaired a meeting yesterday on Thameslink, which seems a good idea that will bring benefits not just to London but to the south-east, and Crossrail is to go ahead as well.

There is a feeling that the north is being left out. I can become obsessive, as I did in about 1992 about the upgrading of the west coast main line. I am still obsessive, as the Minister will know from our meeting last week. Through the work of colleagues, many others and myself, we now have a railway line on the west coast that we can be proud of. The Government provided £89 billion to upgrade it to my constituency and to yours, Madam Deputy Speaker, but we still need a link from St. Pancras up to the north that will take my constituents and others to the continent, or perhaps to Heathrow. One of the proposals, from Greengauge 21, sets that out.

Some comment has been made about the Eddington report. I was part of the Select Committee that questioned Sir Rod Eddington and I pressed him on the need for a high-speed link. Despite the reports in the press that the idea had been discarded, he said that there was a role for a high-speed link and that the planning for it should start now.

High Speed 1 is tremendous. The Government and the country can be proud of it. The improvement in St. Pancras is welcome, but we must go beyond that and take those advantages to the north.

I shall comment briefly on Stratford. I went there to see the opening of the station. It is a totally different sort of station—it is modern, and it is a credit to those who designed it and to the Government, who funded it. However, as we know from the Olympics plans, it is only seven minutes from St. Pancras, and Eurostar will not want to stop at Stratford. It might make one stop as it comes into Kent and continue to St. Pancras. I am not sure whether the Bill can do anything about that. Will the Minister clarify that? It is a technical Bill and needs to be examined carefully, as the financial implications of getting it wrong could be costly.

I return to where I started—the Bill is before us as a result of a successful project which is a credit to the country. I am sure the technical aspects of the Bill will be sorted out and the maximum benefit given back to the taxpayer who, through the Deputy Prime Minister at the time, had to bear the risk at the early stage. I welcome the Bill and I hope that my hon. Friend the Minister has been listening to the calls from all parts of the House for the high-speed link to continue to the north.

5.57 pm

Damian Green (Ashford) (Con): As the Minister acutely predicted, I shall make some remarks about the intermediate stations in Kent, but before I do so, I shall pick up two points. The first was made by the right hon. Member for Norwich, South (Mr. Clarke) and shared by the hon. Member for South Thanet (Dr. Ladyman). The right hon. Gentleman was worried that the guarantees given to Stratford might not be watertight. From my experience in Ashford, I can say that if those guarantees are not nailed down, he is right to be sceptical about what might happen in the future. I share those worries.

Secondly, I am fascinated to hear from all parts of the House the unalloyed enthusiasm for new high-speed tracks. I share that enthusiasm for the vision of a high-speed railway running up the spine of the country, no doubt eventually as far as the Minister's constituency in Glasgow, but as the only Member present who has had a high-speed line built through his constituency, I warn hon. Members that it is not an unalloyed joy. I apologise—we are joined by the hon. Member for Dartford (Dr. Stoate), who also has a high-speed line through his constituency.

I make two points. First, if Members want their constituents to welcome a high-speed line with open arms, they must make sure that their constituents get some direct benefit from it, or they will only see the downside. If we build lines from London to Birmingham and then to Manchester, most of the places in the intermediate areas will not benefit very much. People should recognise that. It may well be worth doing as a national project, but we should not kid ourselves that many people will benefit directly.

The second point is the lesson learned from Ashford: people will want to consult. What happened there was that four different lines were drawn on maps and lay there, as it were, for years—thus blighting many properties, completely unnecessarily, for years. That planning blight caused more angst and difficulty than the actual construction. Although the period of construction was, of course, difficult, people at least recognised that something was happening. When we come, as I hope we will, to build High Speed 2, 3, 4—there have been bids as high as High Speed 15, as far as Norwich—please can whoever is in charge of the rail network learn the lessons from the building of the relatively short stretch of high-speed line across Kent?

I want to raise a few points about the Bill that particularly affect the intermediate stations in Kent, particularly Ashford station in my constituency. The bulk of the Bill confirms that the Secretary of State will continue to be empowered to fund the CTRL—or High Speed 1, as we now call it. I wish to explore the Secretary of State's role as part of my initial point. The Minister will be well aware of the background. Amid all the celebrations, in which I shared, about St. Pancras and the new services, this week also saw the end—temporary, I hope—of the Brussels services from Ashford. For my constituents and many others around Kent and Sussex, that is a blot on what should be an unalloyed celebration of the expansion of the rail network. The lesson that I draw is that we need better and more positive ministerial involvement to preserve the wider

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public benefits of high-speed rail. The need for that involvement is shown by a letter that I received in August this year from Guillaume Pepy, the chairman of Eurostar. He said, quite bluntly:

"Whilst Eurostar acknowledges the growth plans for both Ashford and Ebbsfleet, the Board is equally clear that the business has a purely commercial remit to maximise its passenger revenues for its French, British and Belgian shareholders, and to help pay for the construction of High Speed 1, and is not accountable for regeneration."

That is honest and direct; the company is in it just for the money—fair enough. The letter makes it clear that the wider responsibilities for regeneration, always regarded as a hugely important part of the High Speed 1 project, lie with Ministers. The problem has been that Ministers have now declined that responsibility. Another letter, written in July by Judith Shepherd of rail customer and stakeholder relations at the Department for Transport, to Edith Robson, a constituent of mine, says:

"It is important to state that the Government has no formal powers over Eurostar's operating decisions and that Eurostar, whilst under an obligation to operate a sound commercial business, is at liberty to set its own timetables."

That is a classic black hole, between the responsibilities of the public and private sectors. Eurostar says that it does not care about regeneration and the Government say that they have nothing to do with Eurostar's timetable. Even though tens of millions of pounds of taxpayers' money is spent on regeneration efforts, based on the international train services and the timetable, no one, apparently, is responsible for making sure that the rail services contribute to the regeneration effort. The buck stops nowhere.

Kelvin Hopkins: I have been listening with great interest to the hon. Gentleman, who seems to be making a powerful case for the public ownership of Eurostar—a change that I would strongly support. That would make sure that the services benefited the British people.

Damian Green: I do not think that Eurostar would benefit from public ownership. However, I hope that I am making a powerful case in favour of Ministers exercising the responsibilities contained in the legislation, including in the Bill. If Ministers did so, we could indeed gain the benefits of the huge amounts of private investment attracted into the project and the rest of the rail network since privatisation. That investment has, of course, funded the huge growth of the rail network in the past decade or so; that point is not controversial on either side of the House.

Dr. Ladyman: Let me say straight away that I entirely agree with the hon. Gentleman about Eurostar's ridiculous decision about Brussels services from Ashford, and I fully support his campaign to reverse that. However, I cannot let him pin the blame on Ministers, who do not have responsibility for Eurostar. The hon. Gentleman seems to be arguing that when the Government let a franchise, they should decide on the frequency of the passenger service and where it should stop. The Government have that exact system of franchising in place for the whole of the rest of the network in this country. However, the Conservative party is now opposed to it and says that it would wind it up.

Damian Green: I do not agree with that analysis. The specific point is that the whole High Speed 1 project and channel tunnel rail link have been based on the idea that they would contribute to wider regeneration efforts in my and the hon. Gentleman's constituencies and other parts of Kent. I refer the Minister and the hon. Gentleman to the Public Accounts Committee's 38th report, of May 2006. It states:

"The economic case for the Link remains marginal. On passenger traffic alone the Link is not justified, so regeneration benefits are required to make the project value for money."

That is why it would have been correct for Ministers to play a more proactive role in trying to secure the full regeneration benefits.

I am conscious of and grateful for the Minister's attempt to question Eurostar's decision. However, he and I know that that was very late in the day. Frankly, the Department for Transport did not play a proactive role throughout the procedure, despite the huge coalition that had assembled. The people arguing were not limited to those from Ashford or even Kent—the coalition was cross-party and from across the south-east of England. It spread as far as the South East England Development Agency, and even the European Commission became involved. That extraordinary coalition assembled to say that the decision was bad. Frankly, the only piece of the jigsaw that was lacking was the Department for Transport, and that was hugely regrettable.

Mrs. Dunwoody: Oddly enough, I do not disagree with the hon. Gentleman on his point that good transport schemes should carry with them a strong element of regeneration. However, we do ourselves a disservice if we ignore the fact that the original Conservative desire to have no public money in the scheme got us into an absurd situation. Although it was perfectly clear that the economic advantages were fairly marginal, when the line was about to go bankrupt it was forced to come to the Department. To say now to the Department, "You are not doing the things that you were not expected to do in the first place, and you have managed to recoup only with considerable difficulty," seems mildly unfair—and I am never unfair to the Department for Transport.

Damian Green: It goes without saying that the Chairman of the Transport Committee is never unfair to the Department. The hon. Lady makes the point that the Department was heavily involved from 1998 onwards; it therefore had a perfect legitimacy and locus from which to intervene if it had wanted to. However, it did not do so, and that is hugely regrettable.

Dr. Ladyman *rose—*

Damian Green: I shall give way one more time; then I shall have to make progress.

Dr. Ladyman: The hon. Gentleman misses the point that Eurostar is not the same as the CTRL line. Eurostar was granted its franchise before the Labour Government came to power, on the basis that it was going to be run entirely privately, with no public subsidy. At that point, it was given complete commercial freedom. When the Labour Government came in and had to redesign the

financial package to complete the line, they did insist on a regeneration benefit. They insisted that the domestic service, which was to serve my constituency and the hon. Gentleman's, be carried on the line.

Damian Green: The hon. Gentleman is trying to have it both ways. He wants to praise his Government for mounting the rescue, but when things happen that he and I disagree with, he says that the Government have nothing to do with them. He cannot have it both ways. I hope that the Bill will make it more difficult to walk away from these responsibilities in future and that the House can receive some reassurance about that in the winding-up speeches.

Looking ahead, as the Minister explained, the purpose of the Bill is to prepare LCR for break-up and subsequent sale, so that Eurostar will then become a purely stand-alone operation. It is reasonably likely that one of the bidders, possibly the successful one, will be SNCF. The chances of SNCF caring very much about Ashford, Ebbsfleet or Stratford are remote unless some safeguards are written into the sale to try to recapture the full regeneration benefits that Members on both sides of the House want and that should come from a project that has absorbed billions of pounds of taxpayers' money. I hope that the Minister can reassure me about that at the end of the debate and at subsequent stages.

I want finally to deal with the change in the role of the Office of Rail Regulation to allow it to charge fees on the line. Will the Minister clarify whether that new charging regime is designed to allow, or even to promote, competition on using the line? He will be aware, as will others, that there have been reports of new operators who wish to run trains through the tunnel on High Speed 1, and many of us think that such competition, if technically feasible, would be welcome.

As we have heard during the course of the debate, the issues surrounding the high-speed line are rather less smooth than the ride that we will all enjoy on it. It may yet prove in the long term to be a successful "grand projet" of the type that this country is traditionally not very good at. I hope so. To be fully successful, however, it needs to provide the benefits originally promised to Ashford and other parts of Kent. I hope that the Minister can reassure all hon. Members that those benefits will materialise in future.

6.12 pm

Sir Peter Soulsby (Leicester, South) (Lab): As a frequent user of St. Pancras, I have watched with some frustration the work that has been going on there in recent years. Along with countless thousands, if not hundreds of thousands of others, I have picked my way through the building work on a daily basis. Indeed, visitors to St. Pancras have at times been on something of a voyage of exploration, with the pedestrian routes changing almost daily and presenting a challenge to users. Looking at it now, though, I can say that all the inconvenience has been worth it many times over. The transformation of a rather run-down station and the somewhat derelict area around it has been quite stunning. I pay tribute not only to this Government and the previous Government for having the vision to see that it was possible, but to all those involved in the design of the project and the very high-quality work done on the site. It is a source of great pride, I hope to them, but certainly to us as a nation, to see that transformation and what is now undoubtedly a magnificent gateway to the UK—one that we can all share in being very satisfied to see and to use.

I speak about the transformation with mixed feelings because my flat here in London overlooks Waterloo station, and I, like many others, will miss watching the Eurostar trains snake their way slowly out of it. However, that underlines the significant improvement that has been made, because that slowness is such a sharp contrast with the speed with which they are able to accelerate out of St. Pancras. It is a revelation to those of us who watched them every day at Waterloo to see just how fast they can accelerate and how they are now able to run at something approaching their full potential.

I want to make three brief points and in doing so to emphasise some that have already been made. First, the platforms that will be released at Waterloo as a result of Eurostar's transfer have enormous potential to relieve the congestion at Waterloo. I encourage the Government to bring forward the use of those platforms to relieve that congestion, and particularly to consider the comparatively minor investment required to bring about the crossover that is needed at Clapham Junction to enable that potential to be used to the full.

Secondly, I want to reinforce a point that I made earlier about the potential for freight transport. Sometimes only one train a day passes through the channel tunnel carrying freight. That represents a small fraction of its overall potential not only to take existing trucks off the roads but to obviate the need in future for mega-trucks to use our roads, which are inadequately equipped for them. That potential needs to be developed, and I hope that the Government will continue to press that on the tunnel operators and the railway freight operators. In the past, the situation has been related to tariffs and influenced by the problems experienced through the use of freight trains to gain illegal entry into the UK. However, I hope that both those problems can be overcome and that the full potential of using the tunnel for freight can be encouraged.

Kelvin Hopkins: My hon. Friend may be interested to know that it is now possible to run at least 150 trains a day through the tunnel in each direction, and with signalling modifications many more than that. That equates to thousands of freight trains per year. There is no possibility of passenger traffic, but that level of freight traffic could transform the economics of the channel tunnel and, indeed, of Britain's freight transport system.

Sir Peter Soulsby: I thank my hon. Friend for his well-informed intervention. I know that he takes a particular interest in matters of rail freight, and he emphasises my point about the fraction of the potential that is used at the moment and the enormous potential that is there for the future.

Finally, the completion of High Speed 1 and the excitement around it emphasises the potential associated with high-speed train travel in general. I impress on the Minister that this is the perfect time to dust off plans for other high-speed links. I recognise that, as he said

[Sir Peter Soulsby]

earlier, they are not in themselves a panacea—all sorts of issues are associated with their construction, as the hon. Member for Ashford (Damian Green) reminded us. None the less, they could increase rail capacity in the UK dramatically. Having spent a considerable amount of time on Sunday standing in standard class while coming down the east coast main line, I would say that any increase in capacity would be very welcome.

High-speed links can increase capacity far beyond the improvements that are possible on the existing network. Beyond that, there would be a step change in terms of opening up new possibilities, particularly in attracting people away from domestic air travel. The long distance rail potential of Scotland and the north-west can be realised only on new high-speed lines. If those services are to offer a realistic option to people who use airlines, they must be fast, modern, attractive and reliable. I hope that the excitement that has been generated by High Speed 1 will prompt the Minister to dust off and revisit these plans, sooner than 2012, in recognition of the fact that this is the ideal time to excite investors about high-speed rail lines. This is an opportunity too good to be missed.

6.19 pm

Mr. Adam Holloway (Gravesham) (Con): First, I would like to say how delighted I and many of my constituents are about the high-speed domestic service. I suppose for that I am grateful to the right hon. Member for Kingston upon Hull, East (Mr. Prescott).

I would like to speak primarily about constituency matters. Although the project's financing has been thoroughly discussed, local passenger numbers are vital within this complex financial package. I would like to make some comments on that, and about the commuters who use the service and who will be affected. I would also like to touch on the integration of the rail link to the ongoing construction work. The infrastructure and regeneration efforts in general have been used as an argument for continued public funding and the backing of the link.

I recently travelled by Eurostar on the amazing, brilliant, new, fast service. International train services began running from Ebbsfleet railway station yesterday, on time, and I and my friend, the hon. Member for Dartford (Dr. Stoate), were delighted about that. Moreover, we no longer have to listen to a French conductor, triumphant to the point of smugness, announcing that at last the train is able to achieve maximum speed every time we emerge from the tunnel on the French side. That is a relief in itself.

The train services may now be operating, but the construction of the associated infrastructure is still ongoing. The Channel Tunnel Rail Link Act 1996 incorporated the widening and realignment of the A2 trunk road dual carriageway, which runs past Ebbsfleet International, and through my constituency on the old Watling street from London to the coast. The integration of the rail and road infrastructure was good news, but the actual construction has not been as well integrated as it might have been. People in Gravesham have endured traffic gridlock from the widening of the A2, and residents of local villages have at times been literally unable to leave their driveways because of gridlock on the rat runs used to avoid delays. The realignment of the A2 continues, with regular traffic jams stretching into Gravesend and just as far to the south on the other side of the A2. I hope continued construction of local infrastructure and future maintenance will continue; it will no doubt be required because the process will have a great impact on local people.

I have probably dwelt a bit too much on construction, and I would like to focus on the regeneration of the local area, which was one of the arguments initially used for continuing to finance the tunnel rail link. Since then, of course, the Olympics have been sited in east London, where the other new international railway station is. I am concerned that financial commitments to support local regeneration may be channelled towards the Olympic site and away from Gravesham and north Kent. Although Ebbsfleet is situated in the Dartford constituency, it is right on the edge of the two main towns in my constituency, Gravesend and Northfleet. Most of the car parks are in my constituency, I am happy to say. The people of Gravesham have faced disruption caused by the construction, owing to the increased traffic flows needed to ensure high passenger numbers, and it is vital that they get some of the benefit from the regeneration. I hope that we can reaffirm the importance of regeneration in the area, particularly in north Kent, and that we do not simply see the process as another way of funding the Olympics.

A new development of residential and commercial properties is planned surrounding the station, which in itself does not count towards the regeneration of the existing parts of Gravesham. In order to encourage inward investment for cultural outlets, about £2 million has been raised for a landmark sculpture—an "Angel of the South", if you like—that will be visible to passing motorists on the A2, but also to people on the trains. As residents in my constituency and that of my neighbours will have to look at such an iconic sculpture every day, it is most important that anything commissioned should get final approval by local people and elected officials on Gravesham borough council.

The Office of Rail Regulation is currently able to provide very useful information about the use of Gravesend railway station. To the nearest thousand, it is calculated that just over 1 million people entered the station in 2004-05, about 1.3 million left it, and 9,000 people changed trains there. Last year those figures increased. Although those numbers may be interesting to trainspotters, they also show the increased use of Gravesend station, which should increase considerably when commuter services start using the link. They also show an average of about 10,000 more people coming to Gravesham than leaving it by train, and that migration can increase only when the morning commuting time from London Charing Cross to Gravesend falls to about 20 minutes.

There appear to be plans for two trains an hour to call at Gravesend on their way to St. Pancras. However, those will start in Medway and other services will originate in other parts of Kent. It is not clear how many seats—or, more likely, standing places—will be available for people from Gravesend. There is also the issue of the affordability of services from Gravesend to St. Pancras for local people. I hope that it will be made clear how many commuting places will be made available

to passengers travelling from Gravesend and Higham to St. Pancras in order to offer protection for existing commuters so that they do not face an even longer commute from Gravesend.

Finally, the Border and Immigration Agency has informed me that there are no plans to have a permanently manned immigration control at Ebbsfleet International railway station. I am concerned, therefore, that immigration officers will not be monitoring departures from Ebbsfleet International. I am also concerned that no one will be on hand to check arrivals should immigration checks not be satisfactorily completed on board the train or on the continent.

6.26 pm

Kelvin Hopkins (Luton, North) (Lab): I am very pleased to have an opportunity to speak about the Bill, and particularly to support the furthering of the Secretary of State's powers to fund the channel tunnel rail link and the trains that will run on it, post-construction.

I must apologise, however, for not being able to be here at the beginning of the debate and for not having heard the speech of my hon. Friend the Minister, or that of the hon. Member for Wimbledon (Stephen Hammond). I was, however, pleased to be here when the hon. Member for Richmond Park (Susan Kramer) made her speech. I found it very interesting and I agreed with much of it. As I said in an intervention, if there is to be heavy subsidy, direct or indirect, for CTRL and the whole system, including the channel tunnel itself, there must be more Government involvement. It cannot simply be left in private hands, and in the longer run we might see the whole system integrated into a publicly owned railway system, but that is an argument for another day.

I have taken a long-term interest in railways, and I am particularly pleased about the St. Pancras development for personal reasons because I have travelled on Thameslink from my Luton constituency for 37 years—not to this House for the whole time, of course—and it has been quite wonderful to see the regeneration of St. Pancras station. The hon. Member for Richmond Park said that she thought the case for the St. Pancras development had not been made. If the debate had taken place 15 years ago, there might have been an argument for developing a high-speed line from Waterloo rather than St. Pancras, but it has happened this way and my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody), the Chair of the Transport Committee, has pointed out that many more people live on the north side than on the south side. I urge my hon. Friend the Minister to do everything he can to bring forward the development of Thameslink so that all those in the south of London can travel to the magnificent new station about to be opened at St. Pancras International. I travel through that station every day and it is really exciting to see it developing. It will open within days, and the process has been very encouraging.

I like to think that I played some role in that process myself, because of the concrete box built underneath St. Pancras. It was always going to be there; it had to be built in order that the station could be developed at some future date. However, many of us—I was one of those who lobbied most hard on this point—thought that it had to be developed and built at the same time as the opening of Eurostar services from St. Pancras. Otherwise, people would have had to walk from the appalling King's Cross Thameslink station, which was always temporary, at night, across one of the most depressing parts of London. I worked in the area for a long time, and we know that there is a degree of drug addiction and prostitution in that area that is very depressing.

It was too much to expect travellers to go from King's Cross Thameslink to the Eurostar trains without new provision. The station had to be built to ensure that passengers had proper, decent access to St. Pancras station. I argued, as did others, that passenger traffic on Eurostar from St. Pancras could have been seriously damaged if the new station had not been built underneath St. Pancras with access via travelators, escalators and so on. I am therefore pleased that the station was built.

The hon. Member for Richmond Park mentioned freight. Hon. Members may recall that I proposed in an Adjournment debate in January the development of the EuroRail Freight Route, which would put an enormous amount of freight that now goes by road on to the railways, and use the channel tunnel. We have made a submission, which is currently under investigation, to the Select Committee. I shall not go into more detail, but I believe that pushing vast amounts of freight through the channel tunnel would transform its economics, which would improve those of CTRL and of Eurostar services.

There will never be enough passengers to justify the channel tunnel or the CTRL, so better use must be made of the tunnel for freight. All the forecasts at the beginning of the channel tunnel project were overblown: people argued that everyone would travel by train rather than plane in future. That was unrealistic. Many will travel by train—I shall use Eurostar as often as I can—but others will use aircraft and possibly still go by sea. However, there were never going to be enough passengers to justify building either the tunnel or CTRL. Freight had to be considered as a longer-term possibility. To realise the transportation of the sort of volume of freight that we are discussing, we must develop a delivery system on this side that is capable of taking full-sized containers and trailers on trains, and match the freight services and lines that have been developed on the continent. That is the future. I shall continue to pursue that and to support railroad developments in general.

I greatly look forward to travelling from my constituency in Luton to St. Pancras and then to Paris, Brussels and elsewhere. We are discussing a wonderful development, which has given a genuine boost to the idea of modern railway development. Not so long ago, the Department for Transport seriously talked about railways as the mode of transport of the past. I exempt my hon. Friend the Under-Secretary from that charge. However, many civil servants were cited as saying that they were managing the decline of the railway system. That is not happening now. We know that rail is the transport mode of the future, not the past. Instead of the Department alone being enthusiastic, passengers have decided to use railways, and the demand is so great that the Government and the rail industry have to consider extra capacity. That is a wonderful development, which is good not only environmentally

[Kelvin Hopkins]

but socially and in every possible way. I look forward to further railway developments along those lines, especially that of a dedicated rail freight network linked to the channel tunnel and the continent of Europe.

6.33 pm

Dr. Howard Stoate (Dartford) (Lab): I apologise for not being here at the start of the debate, but I was serving on a Statutory Instrument Committee. I am especially pleased to catch your eye, Mr. Deputy Speaker, because, as many hon. Members know, HS1 runs through the middle of my constituency, and Ebbsfleet International station is situated there. I therefore have several observations to make about a once-in-a-lifetime project, which can transform the lives of people not only in Kent but throughout the UK, provided that it is successful.

The debate is about a Bill that will pave the way for the sale of the project. Its saleability will depend on its success, which is what I want to consider this evening. There are three key components to the project's success. The first is the extent to which it can bring new jobs, skills and regeneration, especially to Kent, which desperately needs regeneration and has a significant skills shortage. To what extent can the high-speed rail line achieve that? I believe that, if we get it right, we can create a blueprint for many projects that will benefit the country.

The second major component is modal shift. It is a jargon term, which effectively means the extent of the project's success in changing people's travelling habits, away from aeroplanes or private cars to public transport, and high-speed rail links in particular. That is crucial and much more work needs to be done to ensure that modal shift occurs. Another project in my constituency is the fast-track bus route—a rapid, dedicated bus service between the constituency of the hon. Member for Gravesham (Mr. Holloway) and mine. It has been fantastically successful—passenger numbers are 50 per cent. above those predicted. However, it is more interesting to note that there has been at least a 10 per cent. modal shift. In other words, 10 per cent. of current journeys on the fast-track bus system are made by people who would previously have used their car. A significant shift in travelling patterns away from private car usage to rapid, clean, efficient public transport is already occurring. I believe that HS1 can also offer such an opportunity. In two years, when the 17-minute commuter service from Ebbsfleet to St. Pancras operates, it will offer a further opportunity to get away from the overcrowded, rather dingy trains on the North Kent line and reach the centre of London much more quickly, in more comfort and in a way that is a model for others.

The third and perhaps most important major component is the extent to which inward investment in projects such as HS1 benefit existing communities as much as new ones. In my constituency and in that of the hon. Member for Gravesham, there is huge inward investment, and plans to build up to 30,000 new homes and provide up to 20,000 or 30,000 new jobs, as well as massive improvement of derelict infrastructure, which sorely needs regeneration. However, can we benefit existing communities to the same extent as we benefit new communities? The hon. Member for Ashford (Damian Green) made the important point that, in many instances, people who live along the route of new lines do not benefit at all. They take the mess, noise, inconvenience and disruption to their lives and get little in return. It is vital to avoid that when we build such new projects. The hon. Gentleman was right to say that we had five, six or seven years of uncertainty about the route—whether it would be A, B, C or D, which homes would be blighted, bought or knocked down and which people would be moved. It was a nightmare for many years until the route was fixed. We must find a better way to tackle those planning issues to ensure that, once such a project is agreed, the minimum disruption is caused for the minimum time and affects as few people as possible.

The problem with many projects is that those who face the most disruption experience the least benefit. Unfortunately, that is largely true in my constituency. Despite the enormous investment, improvements and opportunities for people, many of the existing, settled communities do not feel the benefit of the regeneration projects. They still live in overcrowded areas, face the extra noise, traffic and pollution that the new projects generate and do not yet experience the good. If we are to produce more new projects in future, it is essential that existing communities in the areas that we regenerate perceive from day one what is in it for them. What new jobs will they get? What improvements will be made to their housing infrastructure? How will their schools and hospitals be rebuilt and regenerated? How will their shopping centres be upgraded? That must be clear from the beginning.

The rail link is a major part of the Thames Gateway project, which has had a mixed press over the years. Indeed, recent reports have stated that perhaps we have not maximised the benefit or achieved the genuine vision that we should have realised. If we are to get people on side and to understand exactly what can be achieved, we must ensure that they benefit before rather than after the new communities.

The way to do that is, first, to iron out some of the planning issues, to ensure that regeneration projects are swift and effective, that local people are involved in planning and that there is the minimum disruption for the minimum time. However, we also have to ensure some early wins, so that people already living in the communities affected get some quick benefits, before we start to introduce the big changes. Obvious examples of that include the fast-track bus system, whereby communities are linked to town centres and new developments. We must ensure that investment in our town centres is made before the extra building and development, so that people can see improvements in their towns first. It is a question of direction of travel and of ensuring that we build the infrastructure that benefits people's lives before we build the other parts. If we can get those things right and in the right order—Ebbsfleet and north Kent are good examples of where we can do just that—and thereby ensure that local people benefit from new investment from the off, we will bring huge benefits to the country.

I finish by paying tribute to the work that the Government have done to ensure the delivery of the project. It has worked, and there is a fantastic future for High Speed 1. I think that there will be High Speeds 2, 3, 4, 5 and who knows how many more. Local

communities can be shown how they can benefit, but we must ensure that we get those important issues right before we, to make a pun, railroad ahead with future expansion.

6.41 pm

Mr. John Horam (Orpington) (Con): Like the hon. Member for Dartford (Dr. Stoate), may I apologise to you, Mr. Deputy Speaker, and to the House for not being present during the opening speeches?

I should like to seize this opportunity to make a brief point to the Minister about the exponential growth of traffic on the railways. I welcome that and agree with all the remarks that have been made about this coming to be the age of the train. That has been forecast for many years and in future years it may well be true. However, in referring to that growth of traffic, I should like to bring home to the Minister the need to strike a balance between the exciting new high-speed projects of the kind that we are rightly celebrating and the more mundane expansion of existing facilities.

In my constituency, which is an area of heavy commuting into central London, there is an issue concerning the Thameslink scheme. I understand that it will now be completed in two stages, with Borough market junction being completed before the Blackfriars bridge part and the rest of the scheme. I urge the Minister to recognise that the two schemes go together. It is not enough to complete the Borough market bit, which will only add a certain amount of capacity. The whole Thameslink scheme must be completed as one item. I want the Minister to consider that, because commuters in London occasionally feel neglected, next to the exciting high-speed schemes that we all welcome. I would not like the Minister to forget them in the next few years.

6.42 pm

Mr. Julian Brazier (Canterbury) (Con): As we complete this debate some three hours early, it is worth reflecting on how transport business is again finishing early, with the Government still telling us that they have not found the time anywhere to fit in the harbours Bill, which they allegedly support. Should the harbour revision orders, on which we are supporting the Government, run into trouble, they will have themselves to blame for not introducing that necessary modernisation.

I am aware of a certain sense of irony today. One of the most vivid experiences of my parliamentary career was leading a little gang of just 16 MPs with my colleague David Shaw, the then Member for Dover, in a rebellion against the final stages of the then Channel Tunnel Bill. As the right hon. Lady was then the leader of the Conservative party, it was quite an experience. Nevertheless, Eurotunnel was big enough to invite me to the opening. It would be impossible not to be impressed by the sheer scale of the engineering, even if the delays and cost overruns were well in excess of what David Shaw and I predicted in our letter to the *Financial Times*, which caused a certain flutter and started the argument.

Unlike then, today I join the Minister and my hon. Friend the Member for Wimbledon (Stephen Hammond) in congratulating LCR on getting the high-speed link in on time and pretty much to budget, which is a remarkable achievement. The link will provide a faster service to the continent and for those who have taken part in this debate who want the railways to prosper—that is, everyone who has taken part—it is a heartening sight. I also welcome the opportunities for my county, and the prospect of trains taking one hour from Canterbury West is extremely attractive. However, I shall return to the concerns that I share with my hon. Friend the Member for Ashford (Damian Green) about the situation there.

My concern 20 years ago was that the channel tunnel would not prove to be commercially viable and would have to rely on a large amount of public subsidy. Ironically, that point is borne out by clause 1, which confirms the Secretary of State's right to fund the channel tunnel rail link and its trains, which is something against which we are not arguing against now. The aim of clause 1, as the Minister made clear, is to maximise the value of the asset. In that respect it is a sensible tidying-up measure.

The fact that the port of Dover has, against a number of predictions made at the time, done so well and continues to prosper is a tribute to the management there. The fact that we still have a successful Dover and many low-cost airlines has put the rail link to France and Belgium under pressure. Although numbers have recovered from the low point of just over 6 million to a little under 8 million last year, it should be remembered that the Government's 1998 projections were for 9 million passengers under the downside case and for 8 million under the low case, just above the current level.

That said, when Richard Brown took the trouble to come and put the case for Eurotunnel in my constituency it was rather sad that, in giving the rather gloomy tale that forms the background to my hon. Friend's concerns, he emphasised the poor passenger numbers as a reason why—surprise, surprise, now that Ebbsfleet had been built—services from Ashford to Brussels had been entirely wound up and redirected to Paris. That was especially sad, because other parts of the industry sufficiently affected by low-cost airlines—the premium airlines, for instance—are reputedly looking into rail. Guillaume Pépy, the head of France's SNCF has hinted that Air France is considering launching arrivals through the channel tunnel once Eurostar is opened up to competition in 2010. Indeed, Air France has already started a parallel process, with a shift from air to rail in its link from Paris to Brussels. My hon. Friend made the point strongly that his constituents and mine, as well as people throughout east Kent, are deeply concerned about the loss of services from Ashford. I have considerable sympathy for the points that he made. However, Eurostar must ask itself how others, including airlines, are seeing a commercial opportunity there while it is cutting back.

The Secretary of State's power to grant subsidies is significantly reinforced by clause 1. With all the tales of woe that we have heard, I should like to echo the question that my hon. Friend the Member for Wimbledon put about whether train operating companies are included in the measure and whether the Minister envisages it involving any extra public funding. I ask that because—I see that the right hon. Member for Norwich, South (Mr. Clarke) has just resumed his place—no money resolution has been tabled with the Bill and a number of the items raised in the debate, if not the contents of the Bill themselves, involve spending extra money.

[Mr. Julian Brazier]

Issues surrounding the interchange at Stratford closely parallel those around the use of Ebbsfleet and, more particularly, Ashford. A powerful case has been made that if we are to see the regenerative benefits, one way or another, those issues need settling, but I see no reason why that should mean public money.

Another matter to consider is how things will develop in respect of subsequent high-speed links. My hon. Friend the Member for Wimbledon announced our clear commitment to a feasibility study, which means exactly what it says—that we will look into it, but that we are not committing ourselves beyond that. I remind one or two of the more enthusiastic speakers of the wise warning of my hon. Friend the Member for Ashford: if there is one thing to avoid next time, it is putting lots of alternative routes on a map and then spending years discussing them. Even in my end of Kent, we felt the backwash of the sheer fury generated in west Kent.

A smaller matter that needs clarifying is the exact relationship between the channel tunnel rail link and the Office of Rail Regulation. On the one hand, clauses 2 and 3 seem to entrench the channel tunnel outside the remit of the ORR, but on the other, clause 4 provides for the regulator to levy charges on the channel tunnel. I would be grateful if the Minister would pick that point up in his concluding speech.

The issue of freight came up about five times in our debate, but the Minister hardly touched on it at all in his opening speech. You would rightly restrain me, Mr. Deputy Speaker, if I were to broaden my speech too much into a wider discussion of the issues surrounding freight, but I saw parallels between the remarks of several Members on this measure and the position of our ports. The complaint is, frankly, that no legal framework is in place to allow port operators—even those forced to spend large sums on infrastructure—to negotiate long-term rail paths. I am aware of a discussion document that deals with the issue, but it offers a short-term and very complicated solution. I believe that there is a parallel, so I would be grateful if the Minister would clarify whether the Bill helps in any way to deal with the problem of encouraging more rail freight.

This is a short and uncontroversial Bill, so the Opposition are happy to support it.

6.53 pm

Mr. Tom Harris: We have had an excellent and probably too short debate. I will try to respond to as many contributions as possible in the next two or three hours and eight minutes!

The hon. Member for Wimbledon (Stephen Hammond) made an excellent and helpful contribution and I would like to echo his tribute to Rob Holden and his team at London and Continental Railways for the outstanding work that they have completed on High Speed 1. The hon. Gentleman asked about the future of the Government guaranteed debt, which currently amounts to about £6.1 billion. It is likely that the Government will continue to guarantee the existing debt. He and others, including the hon. Member for Canterbury (Mr. Brazier) and my right hon. Friend the Member for Norwich, South (Mr. Clarke), asked about the implications of clause 1 for the Secretary of State's role. Let me clarify that the clause does not change in any respect the existing arrangements for subsidies; it clarifies that the Secretary of State has that power. It is the Government's intention that that clarification should be seen as applying to domestic services operating on HS1. It does not mean that the Government have any long-term intention to offer public subsidy to Eurostar.

Mr. Charles Clarke *rose—*

Mr. Harris: If my right hon. Friend will forgive me, I would like to make some progress and I was generous in giving way during my opening remarks.

Let me clarify the role of the Office of Rail Regulation, about which several hon. Members have asked. As the hon. Member for Canterbury rightly says, clause 2 entrenches the existing position that CTRL or HS1 will not be regulated by the Office of Rail Regulation. It will, however, continue to be the safety regulator and the appeal body for any train operating companies—whether it be Eurostar or any other—that feel that the charging regime is unfair. Clause 3 will allow the ORR to make charges specifically for its own services and not for track access charges.

My right hon. Friend the Member for Norwich, South, who made an excellent contribution, obviously feels very strongly about Stratford International. This may not be news to anyone in the House, but I am not aware of any plans by Eurostar to provide any international services from Stratford International. I understand that Eurostar has committed to looking again into whether there is a demand for such services from that station. In that respect, my right hon. Friend is absolutely right that there is a correlation, as the hon. Member for Ashford has already said, between that and the position in Ashford. I come back to my earlier comments. Clause 1 clarifies the Secretary of State's role and responsibility for funding services on CTRL, but it does not in any way oblige that person to fund capital improvements—in Stratford International or anywhere else.

Mr. Charles Clarke: I am grateful for my hon. Friend's clarification. As I understand it, the Secretary of State has two types of power. The first is to subsidise the operating costs of services, which I believe is what my hon. Friend was referring to—though I may be wrong—and the second is to provide capital support for particular developments to make the services run better. If I have understood that correctly, I should make it clear that I was referring only to the capital commitment that would be relevant to achieving the interchange at Stratford. I was not referring to subsidising operating costs or anything of that kind. Will my hon. Friend clarify whether I am right that the Secretary of State has the power to provide capital for those developments at Stratford station?

Mr. Harris: I will clarify the position. My understanding is that my right hon. Friend is correct in that those powers are available for the Secretary of State to use. However, the wording of clause 1 was adopted specifically in respect of arrangements for subsidies to domestic services. That is the purpose of clause 1. My right hon. Friend feels strongly about this issue, but I think that he

should be wary of demonstrating too strong an interest as there are a number of Whips in the Chamber and they may interpret his remarks as his volunteering for Public Bill Committee duty. Of course, I would welcome my right hon. Friend's presence on such a Committee.

Dr. Ladyman: Returning to the matter of the interchange between Stratford International station and Stratford regional station, I do not care whether the Minister provides the subsidy to link the two on account of the domestic service or on account of the international service. All I want is the two stations linked.

Mr. Harris: That seems quite a reasonable position to adopt. I refer my hon. Friend to my earlier answer, as I understand that the procurement process is under way for a supplier and there is a possible contractor to provide the link that he so craves, but I cannot guarantee whether there is going to be a travolator, a moving pavement or whatever.

The hon. Member for Richmond Park (Susan Kramer) talked about passenger growth predictions, which goes to the hub of the issue that arose in 1998 when the previous financial arrangements for building the channel tunnel rail link collapsed. Inevitably, predictions of passenger growth were too optimistic. In 1994, when passenger services first began, it was estimated that 21 million people would be using Eurostar by 2010. That prediction has had to be reviewed and it is now expected that 10 million people will use Eurostar services by that date. That shortfall led to a lack of confidence in the economic underpinning of the deal that was put together in 1996.

I challenged what the hon. Lady said about the risk to growth resulting from the move to St. Pancras. I do not think she can have it both ways. In the absence of an immediate start to work on high-speed links to the north, the location of St. Pancras as a terminal for Eurostar services will be of great benefit not only to Londoners but, crucially, to people living north of London. Even people in my constituency—and certainly those living in the north of England—find it easier to travel to Euston and King's Cross and then on to St. Pancras than to arrive at either of those stations and then take the underground or a cab down to Waterloo International.

I entirely agree with what the hon. Lady said about the importance of freight. Of course it is in everyone's interest for us to manage a major shift from road to rail. As the hon. Lady will know, in the high-level output specification announced in July we have committed £200 million to developing a strategic freight network, and various grants have already been made in the past few weeks to encourage gauge changes on existing freight lines.

The hon. Lady asked whether the proceeds of any future sale could be put towards the development of a high-speed network. She predicted a substantial bonus for the Treasury from the sale of LCR or its component parts. She should bear in mind that the Government gave LCR a £3 billion grant during construction, and has already assumed £6.1 million of debt. However significant the windfall from the sale of LCR may be, I am not sure how much will be left over for any such project.

My hon. Friend the Member for Carlisle (Mr. Martlew)—who is a doughty promoter of high-speed lines on the basis that all of them will stop at Carlisle—gave an eloquent and enthusiastic account of his reasons for supporting high-speed links. He spoke of the evidence that Sir Rod Eddington gave to the Transport Committee. He was, of course, right to clarify what Sir Rod said about high-speed lines. He did not rule them out; although I think he did rule out maglev as a technology. Maglev is slightly different from high-speed lines. I do not demur from Sir Rod's view that high-speed lines may well have a role to play, but I believe that its role would involve meeting increased capacity demands rather than the environment or connectivity.

The hon. Member for Ashford (Damian Green) understandably raised, again, the unfairness with which he feels his constituency has been treated by Eurostar. I echo what was said by my hon. Friend the Member for South Thanet (Dr. Ladyman). Whether he admits it or not, the hon. Gentleman is completely at odds with his colleagues on the Front Bench, who constantly tell the Government every month during Transport questions that Ministers should not be micro-managing the railway. We should not be writing timetables. I agree with that, and we do not do it: that is why we do not specify the timetable for Eurostar.

The hon. Gentleman should be aware that even with the revised service at Ashford, 33 per cent. more Eurostar services stop in Kent as a result of the opening of Ebbsfleet. He also asked about the role of the Office of Rail Regulation, which I hope I have now clarified.

Damian Green: The Minister did kindly deal with the ORR's role, but may I ask him a more general question? Would the Government welcome the introduction of competitive services on the high-speed line?

Mr. Harris: That is an excellent question, which has not been asked today until now. The answer is yes, I would welcome competition with Eurostar. A great deal of capacity is available on High Speed 1, and I foresee competition at some time in the future. I believe that it would offer a good deal to passengers.

My hon. Friend the Member for Leicester, South (Sir Peter Soulsby) expressed enthusiasm for the opening of St. Pancras. He predicted, or at least requested, a change in policy on high-speed lines from me before I sit down this evening. I am sure he will not be surprised if I disappoint him by telling him that my position is the same as it was three hours ago.

The hon. Member for Gravesham (Mr. Holloway) supported the link, and gave an excellent description of the way in which high-speed lines can benefit local communities. He also mentioned some of the possible disbenefits of their construction, but he spoke enthusiastically about the benefits to his consumers from the domestic services that will start in December 2009.

I like listening to my hon. Friend the Member for Luton, North (Kelvin Hopkins) when he talks of railways in general, but particularly when he talks of freight. He has an in-depth knowledge that far surpasses mine, and his insights are always interesting. He spoke of his wish to see vast quantities of freight travel through the tunnel. The Government want that

[Mr. Tom Harris]

as well, but, more important, we want it to happen on a commercial, profitable basis, because that is the only way in which it can be sustainable in the long term.

I also commend my hon. Friend for being the only person on the planet who still uses the word "railroad".

My hon. Friend the Member for Dartford (Dr. Stoate) produced an incisive analysis of what is happening to high-speed rail. He spoke of the regeneration aspects, and the importance of modal shift. The fleetingly present hon. Member for Orpington (Mr. Horam) spoke of the importance of not forgetting the traditional non-high-speed network, asking me not to forget Londoners. Given that we are spending £5.5 billion on Thameslink and another £5.1 billion on Crossrail, and that about 900 of the 1,300 new carriages to be purchased under high-level output specification will come to London and the south-east, I hardly think that that allegation holds much water.

The hon. Member for Canterbury (Mr. Brazier) began by asking about the harbours Bill. I have a very large remit, and I hope he will forgive me if I do not extend it unilaterally to harbours.

This has been an excellent debate, and I am extremely proud to be the railways Minister who happened to be in position when St. Pancras and the high-speed rail link opened. I put it in those terms because I cannot claim to be the driving force behind the creation or the building of the link. Nevertheless, it is a privilege to have been a member of the Government at such a time.

The channel tunnel rail link is one of the largest construction projects ever completed. Completing a project of this size within time and budget is an achievement in itself, and we should celebrate its success. At last we have a high-speed rail link to shout about, a train service that links the country to Europe at up to 186 mph. St. Pancras has been transformed, and its position on the transport network means that people living in the north of England—and, I hope, Scotland—can buy a single ticket at their local station and go all the way to Paris without the trouble of crossing London. We have a regeneration investment estimated at £10 billion, which is being spent on bricks and mortar in some of the most deprived areas in the south-east.

Apart from all those benefits, we have the opportunity to gain a tangible financial return on taxpayers' investment. The Bill kicks off a programme of work that will last at least three years. Through restructuring, we will secure the long-term future of the channel tunnel rail link project—a project that has delivered, and will continue to deliver, real benefits for the country, and a project of which we should all be proud.

I commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time.

CHANNEL TUNNEL RAIL LINK (SUPPLEMENTARY PROVISIONS) BILL (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(7) (Programme motions),

That the following provisions shall apply to the Channel Tunnel Rail Link (Supplementary Provisions) Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 11th December 2007.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—*[Alison Seabeck.]*

Question agreed to.

CHANNEL TUNNEL RAIL LINK (SUPPLEMENTARY PROVISIONS) BILL (WAYS AND MEANS)

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with Bills),

That, for the purposes of any Act resulting from the Channel Tunnel Rail Link (Supplementary Provisions) Bill, it is expedient to authorise the charging of fees by the Office of Rail Regulation in respect of the exercise of its functions in relation to the rail link.—*[Alison Seabeck.]*

Question agreed to.

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Alan Haselhurst): With permission, I shall put motions 4 to 6 together.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

ROAD TRAFFIC

That the draft Civil Enforcement of Parking Contraventions (England) Representations and Appeals Regulations 2007, which were laid before this House on 24th July, in the last Session of Parliament, be approved.

PREVENTION AND SUPPRESSION OF TERRORISM

That the draft Proscribed Organisations Appeal Commission (Procedure) (Amendment) Rules 2007, which were laid before this House on 9th October, in the last Session of Parliament, be approved.

IMMIGRATION

That the draft Special Immigration Appeals Commission (Procedure) (Amendment No. 2) Rules 2007, which were laid before this House on 9th October, in the last Session of Parliament, be approved.—*[Alison Seabeck.]*

Question agreed to.

Michael Shields

Motion made, and Question proposed, That this House do now adjourn.—*[Alison Seabeck.]*

7.8 pm

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I am grateful for the opportunity to press once again the case for justice for Michael Shields. Michael was 18 years old when, in July 2005, the Varna court in Bulgaria found him guilty of the attempted murder of barman Martin Georgiev at the Big Ben cafe, Golden Sands at around 5 am on 30 May 2005. A sentence of 15 years' imprisonment and a fine with compensation equivalent to £80,000 was imposed.

It was alleged that Michael dropped a large rock-like stone on the head of Martin Georgiev after Mr. Georgiev had been knocked to the ground, causing a life-threatening injury. Michael has always claimed he was asleep at the Crystal hotel when the attack was carried out. Although the sentence was reduced to 10 years on appeal, the conviction stands, and after paying the fine and compensation with interest, Michael is now serving his sentence in prison in the UK.

I am convinced that there has been a miscarriage of justice. That is why I repeatedly raise Michael's case in Parliament and work with Michael's excellent legal team—Pete Weatherby, John Weate, and Fair Trials International—together with Liverpool councillor Joe Anderson and Arlene McCarthy, MEP for the north-west region, to seek a retrial or pardon.

Michael continues to receive strong support from the Bishop of Liverpool, the Right Reverend James Jones, who has visited him in prison in Bulgaria and in the United Kingdom. He believes Michael is innocent and has spoken to him at great length; he strongly supports the calls for his release and has raised the issue in the other place. I also thank the Bulgarian ambassador, Dr. Matev, for his courtesy and helpfulness in assisting me in pursuing this matter.

My previous representations to this House have explained the reasons for my concerns about Michael Shields' conviction. These include the absence of forensic evidence and reliance on uncorroborated, selective witness identification. Some of the identification evidence was secured by witnesses being asked to look at the dock and indicate whether the defendant was the offender. That is known as "dock ID". The practice has not been allowed in the UK for about 40 years. Flawed procedures include Michael being exposed to public view prior to his identification—indeed, the police took him to the scene of the crime, where he was seen by members of the public, before any trial or identification parade took place—witnesses not being separated before giving evidence and being asked to identify Michael, and the absence of other people bearing any physical resemblance to Michael in the identification parades. There was no legal representation when some of these procedures were conducted.

Today, I shall concentrate on new evidence strengthening the concern that Michael's conviction is unsafe. I will name those identified by new witnesses as the two guilty men. I will also register two new pieces of evidence supporting Michael that are currently being prepared by his legal team.

In my speech in this House on 24 November 2005, I referred to the powerful notarised eye-witness statement from Mr. A, received after the trial had concluded. It details the events of that fateful night, and it backs Michael Shields. To date, no court has considered that evidence. Mr. A has not been questioned. He is willing to give evidence and to speak about what he has testified he saw on that night.

Four new witnesses support Michael's case. One backs Michael's claim to have been in bed in his hotel room at the time of the attack on Martin Georgiev. Another new witness, a hotel porter, also supports Michael's account that he was in the hotel at the crucial time. Michael's lawyers are currently preparing the appropriate statements and video evidence. The most dramatic new evidence, however, from two eye-witnesses present at the scene of the crime, relates to the strange case of Graham Sankey.

Graham Sankey came to the attention of the Bulgarian authorities on the night Martin Georgiev was attacked. He, together with three others, was questioned by the Bulgarian police before being released. Two of them, Bradley Thomson and Anthony Wilson, were subsequently found guilty of lesser—public order—offences and returned to the UK. The Bulgarian authorities renewed their interest in Graham Sankey as preparations were being made for Michael Shields' trial. A letter I received from the Home Office on 16 August 2005 confirmed that the Bulgarians had issued summonses for Graham Sankey and others to appear at the trial on 21 and 22 July. The letter confirmed that the usual six weeks' notice required had not been given and the summonses were not served. Graham Sankey remained at home in Liverpool while Michael Shields went on trial for attempted murder in Bulgaria.

After Michael was found guilty of the attempted murder of Martin Georgiev, Graham Sankey, speaking from the safety of Liverpool, issued a statement through his solicitor. In the statement, which he entitled his "Confession" and which was dated 28 July 2005, he admitted:

> "I accept I must have caused serious injury to Mr. Georgiev. I read in the papers about Michael Shields' trial and I felt that I could not let an innocent man take the blame for what I had done."

Graham Sankey has never been questioned about his confession, and it was later reported that it had been withdrawn.

There is now, however, a dramatic new development. On 12 October 2007 a respected citizen of Liverpool signed a witness statement. It reports that Bradley Thomson and Anthony Wilson, both present at the scene of the crime and found guilty of lesser offences, claim that two men were responsible for the attack on Martin Georgiev. According to the statement, they allege that Steven Clare had punched Martin Georgiev and:

> "Shortly afterwards Graham Sankey dropped a large rock on his head as he lay prone on the ground."

The statement continues:

> "Both men made it clear that Michael Shields was not present at the scene and that neither of them knew him".

The statement also says that Mr. Sankey was an associate of theirs at the time and that they had been out drinking with him. Those dramatic allegations reinforce the case

[Mrs. Louise Ellman]

to revisit the conviction of Michael Shields. They point the finger firmly at Graham Sankey. These allegations must be subject to judicial investigation.

I and others have appealed to the President of Bulgaria to grant Michael Shields a pardon. I understand that a pardon is the only available mechanism to free Michael. A recent amnesty has been issued in Bulgaria. In addition, the President has the power to grant pardons in certain circumstances.

On 31 October 2007, Mr. Sasha Penov, chairman of the legal council for the President of Bulgaria replied to me—I understand that similar letters were received by others who had made requests for a pardon for Michael. Mr. Penov did not give a definitive decision on the request for a pardon but suggested that it could be considered by the UK Government under the provisions of the convention on the transfer of sentenced persons, including article 12 of the Council of Europe convention. Yet when I raised this issue in business questions in the House on 16 November, the Leader of the House replied that such decisions must be made by the convicting authority—in this case, Bulgaria. This situation is extremely confusing and distressing for Michael and for all those campaigning for him. Who has the authority to issue a pardon?

I received today a reply to a written question that I tabled in this House seeking information on whether such a pardon has ever been exercised by the United Kingdom. It states that no prisoner transferred to the United Kingdom under international prisoner transfer agreements has subsequently been pardoned by the UK authorities. That, however, does not mean that such a pardon could not be given, provided that the statement given by the representative of the President of Bulgaria is in fact correct.

Both United Kingdom domestic and European conventions uphold the principle of the presumption of liberty. This means that those holding prisoners must justify their detention. If the UK Government doubt the strength of the case against Michael Shields, I ask them to consider acting in two ways: to consider supporting the existing application to the Bulgarian authorities for a pardon for Michael Shields—it has been submitted by many people and has very strong support—but also to consider whether they can act in their own right, as suggested in the letter to me from Bulgaria. I understand that a royal pardon can be requested on the advice of the Secretary of State for Justice, and that the Criminal Cases Review Commission could be asked for a view as part of that consideration.

I want to place on the record my thanks to the Government for their assistance in responding to my previous requests on this matter. This includes speeding up Michael's transfer from Bulgaria, recalculating the length of his sentence and acceding to his request to undergo a polygraph—lie detector—test. Michael is adamant about his innocence and is willing to do anything possible to demonstrate that. Ministers in the Foreign Office, the Ministry of Justice and the Home Office have always been supportive in responding to my queries, and I thank them for that. I now ask, however, that the Government recognise the mounting and compelling new evidence that makes Michael's conviction unsafe. Michael's fate must not hang in the balance while Bulgaria and the United Kingdom debate their respective jurisdictions and conventions. Michael has strong support in his community, and his family are outstanding in their efforts. More than 16,000 people have signed the Downing street petition supporting Michael's release. I am convinced of Michael's innocence. Those who are unconvinced must surely accept that his conviction is unsafe.

I call on my right hon. Friend the Minister to clarify the situation. My right hon. Friend the Secretary of State for Justice has already agreed to meet me to discuss Michael's position, and I thank him. I will not rest until justice has been done, and nor will Michael's family and supporters. I ask my right hon. Friend the Minister to work with me to secure justice for Michael Shields.

7.24 pm

The Minister of State, Ministry of Justice (Mr. David Hanson): I begin by thanking my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) for raising the case of Michael Shields today. Self-evidently, she feels passionately about Michael's case following his conviction in Bulgaria in 2005, and she has raised his case with me previously in private discussions, and with other Ministers and ministerial delegations. She is indeed working tirelessly on behalf of Michael and his family. She has also raised concerns on behalf of Councillor Joe Anderson and Arlene McCarthy MEP, who have been particularly supportive of Michael's case and have raised these issues with the Government; whatever I say this evening, they will undoubtedly continue to do so. My hon. Friend also mentioned the noble Bishop of Liverpool, who sits in another place, where he too has raised this matter. Again, I know that he is committed to raising Michael's case at every opportunity.

As my hon. Friend said, Michael Shields was convicted of the attempted murder of a Bulgarian national. Mr. Shields was returning from a football match in Turkey when he became involved in a stone-throwing incident that resulted in the serious injury of Martin Georgiev. Mr. Shields maintains his innocence, and his family and other supporters have mounted a strong and effective campaign to prove his innocence. As my hon. Friend said, a fellow Liverpool fan, Graham Sankey, who was arrested with Mr. Shields but released without charge, subsequently issued a statement indicating that he may have been involved in an incident that resulted in the injury to Mr. Georgiev. However, he has refused to give a witness statement and subsequently withdrew his earlier statement.

Let me say right away that I am well aware of the strength of feeling that Michael's case arouses in Liverpool. My constituency is very close to Liverpool, which is the city of my birth, and I understand well the feelings that have been expressed. My hon. Friend and others have put forward the view that Michael is the victim of a miscarriage of justice. That strength of opinion is amply demonstrated by the petition on the Downing street website, which as of today has more than 16,000 names appended to it.

My hon. Friend will be aware that the Government have tried wherever possible to ensure that Michael has received appropriate help and support. I am genuinely

grateful to my hon. Friend for acknowledging in her speech the assistance provided not just by my Department—the Ministry of Justice—but by the Foreign Office and the Home Office. She will be aware that once the Bulgarian authorities consented to transfer Michael back to the UK, we attempted to do that quickly and without unnecessary delay on our part. Arrangements were indeed put in place to transfer him to a prison in the north-west of England—in his home region—within 24 hours of his arrival in the UK, so that he could, quite properly, receive visits from his family and friends at a convenient time. Michael continues to serve his sentence in a prison close to his home.

As my hon. Friend said, now that Michael has turned 21 he has been transferred to an adult prison where I understand that he is taking advantage of the educational and training facilities available to him, while working towards the possibility of one day transferring to an open prison. When my hon. Friend and I discussed that possibility, I explained to her how it could occur in the near future.

My hon. Friend also raised the issue of Michael's undergoing a polygraph test, which we have been pleased to grant. The governor of Garth prison has indicated that she is in principle content for the test to go ahead, provided that the chosen polygraph expert and any individual accompanying them are security-cleared. That will undoubtedly be acceptable to my hon. Friend and to Michael. I believe that there has been a request for that test to be filmed, but there is no question of that happening. However, I hope that the test itself will prove of value and that it can be undertaken speedily.

It is clear from my hon. Friend's speech tonight, however, that Michael's supporters—his family and many people in the city of Liverpool—feel that further action should be taken to remedy what they believe to be a serious miscarriage of justice. I am grateful to my hon Friend for setting out the new evidence that has recently come to light. I know that she knows this, but I have to say to her that the proper place for that evidence to be considered and tested is in Bulgaria, either by a Bulgarian court or, if that is not possible, by the Bulgarian President, who has the power to grant clemency.

One of the central principles of the Council of Europe convention on the transfer of sentenced persons, under which Michael was transferred to a prison in the United Kingdom, is that the receiving state must respect the findings of the sentencing state. Indeed, article 13 of the convention makes it clear that the sentencing state alone retains the right to review the judgment of its court. Under the terms of that convention there is limited scope for the receiving state, which in this case is the United Kingdom, to change the sentence imposed by the sentencing state. A sentence can be adapted where the sentence imposed exceeds the sentence available to courts in the receiving state for the same offence. My hon. Friend will know that Michael is serving a sentence of 10 years for attempted murder. As the maximum sentence available to British courts for attempted murder is life imprisonment, we have no power to reduce Michael's sentence on those grounds.

My hon. Friend mentioned that following Michael's return to the UK, his sentence is administered in accordance with British release arrangements. She is aware that following strong representations from her and others, some of whom I mentioned, the Government were able to amend Michael's release dates to ensure that he serves no longer in custody here than would have been the case had he remained in Bulgaria. That decision has shortened Michael's sentence, and I know that my hon. Friend has welcomed it.

The central point that my hon. Friend made concerned the potential for a royal prerogative of mercy. She has asked for clarification on whether the Justice Secretary could grant a pardon to Michael under a royal prerogative of mercy. As hon. Members will know, there are different types of pardon, but I assume that my hon. Friend would be seeking what is known as a free pardon, which would remove, as far as possible, all penalties and other consequences of the conviction. I hope that it is helpful my saying that a request to grant a free pardon to a repatriated prisoner is highly unusual, and that such a request has never been granted. My hon. Friend mentioned that I gave her my answer to a parliamentary question today, and in it I re-emphasised the situation to her.

Although the Bulgarian Government have quoted article 12 of the convention on the transfer of sentenced persons, that does not address the question whether the grant of a pardon to a repatriated prisoner is possible or appropriate under UK law. I do not wish to give Michael false hope. I know that this will be difficult for my hon. Friend and her constituent to hear, but I have to say honestly to them that it appears very doubtful whether the power to grant a free pardon extends to people convicted overseas and serving their sentence in the UK, as Michael is now doing following his conviction in Bulgaria and his imprisonment in the north-west.

Furthermore, free pardons are granted only in very restricted circumstances, and without prejudging Michael's circumstances, they may well not yet meet them. As ever, I want to help my hon. Friend, because of both her passion and commitment to Michael's case, and the strength of feeling of her constituents, which she represents to this House. If she wishes, I can write to her with clarification of how the royal prerogative of mercy is applied, so that Michael can consider whether he wishes to exercise that potential option.

My hon. Friend also asked whether the Government would consider supporting Michael's application to the Bulgarian authorities for a pardon. As she has mentioned, Michael's family are considering whether to apply to the Bulgarian President for that consideration. The decision on whether such support for an application can be provided is a matter for my right hon. Friend the Foreign Secretary. I understand that both he and his officials are aware of Michael's application to the Bulgarian authorities and are awaiting further information before making their decision on whether to support it. That information will come from, among others, Fair Trials International. I hope that that will be sorted shortly, so that my right hon. Friend can make a decision. I hope that my hon. Friend will both pursue the matter directly with the Foreign Secretary and supply further information as requested.

I have tried to indicate to my hon. Friend that my Department and others responsible for issues relating to Michael's welfare and condition have examined the

[Mr. David Hanson]

matter seriously, and are attempting to ensure that his sentence is appropriate and that his well-being is maintained while he is in prison. We must examine still further the issue of representations to the Bulgarian authorities and the question of the royal prerogative of mercy. I am sure that both my hon. Friend and her constituent will be able to make further representations to the Government in due course about any concerns about Michael's position that are drawn to her attention.

I hope that my hon. Friend will understand the Government's position, and I repeat my offer to write to her shortly about the application of the royal prerogative of mercy. I am grateful for the passion with which she has brought the matter to the House today, and I shall certainly reflect outside the Chamber on behalf of the Government on the points that she has raised.

Question put and agreed to.

Adjourned accordingly at twenty-four minutes to Eight o'clock.

House of Commons

Wednesday 21 November 2007

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Employment

1. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What his latest estimate is of the percentage of the working-age population in Wales which is in work. [164976]

The Secretary of State for Wales (Mr. Peter Hain): More than 71 per cent. of the Welsh working age population were in employment as of September. Some 1.3 million of the Welsh population are now in work, and there has been an increase in this regard of more than 6,000 in six years in the hon. Gentleman's constituency.

Mr. Crabb: I thank the Secretary of State for that reply, but he knows full well that whatever increase there has been in overall employment levels in Wales in the past two to three years has resulted from the enormous increase in migrant labour coming into Wales. Given that his Neath constituency has more than 6,000 people on incapacity benefit and more than 1,000 young people not in education, employment or training, when will he shake off this complacency and start taking seriously the problem of worklessness in Wales?

Mr. Hain: What is interesting about that question, which I am delighted that the hon. Gentleman has asked, is that incapacity benefit levels tripled in Wales under the Conservative Government. I remember that in my constituency, and in those of hon. and right hon. Friends, people were just pushed out of mining and heavy industry—not into jobs, because they did not exist, but on to incapacity benefit, there to stay. Economic inactivity rates are now falling faster in Wales than anywhere else in the United Kingdom because of the interventionist measures that the Government have taken to give people hope and jobs for the future.

Mr. Don Touhig (Islwyn) (Lab/Co-op): In the past 10 years, major employers such as General Dynamics UK, Axiom and Brace's Bakery have invested in my constituency and brought new jobs. A strong economy and the fact that Wales, and Islwyn in particular, is a great place to grow one's business have been a major factor. Does my right hon. Friend agree that we must resist those, and the Conservative party in particular, who put forward policies that would deter investment in Wales?

Mr. Hain: I completely agree with my right hon. Friend. Indeed, the Opposition's policies would take Wales back to the miserable economic situation of the 1980s and 1990s, when unemployment went through the roof, people were put on to incapacity benefit and the economy suffered as a result. He might have been thinking about other Opposition barriers, so I should mention the vice-president of Plaid Cymru. When she proposed last week rejecting the St. Athan defence academy training establishment, the Plaid Cymru annual conference merely noted her proposition. Is that party in favour on that issue or not?

Mark Williams (Ceredigion) (LD): On promoting greater employment levels, is the Secretary of State happy with the approaches taken at Jobcentre Plus, particularly to encourage people with special learning needs back to work? I am thinking of those who suffer from autistic spectrum disorders. What approaches are being employed in Jobcentre Plus to help such people back to work? Will he talk to organisations such as Autism Cymru to encourage their work further?

Mr. Hain: I am pleased that the hon. Gentleman has raised the issue of autism. I have worked closely with Autism Cymru and, when Secretary of State for Northern Ireland, with Autism Northern Ireland. Our approach depends on severity on the spectrum of autism. Those on the light end of the spectrum, as it were, can be helped into work, and have been by Jobcentre Plus. Those at the difficult end of the spectrum are more difficult to help, but we continually work with such organisations to try to tackle the problem and to deal with people in that situation.

Mr. David Jones (Clwyd, West) (Con): The right hon. Gentleman will recall that in his alter ego as Secretary of State for Work and Pensions he told the House that "youth unemployment has been all but eradicated"—[*Official Report*, 18 July 2007; Vol. 463, c. 283.] However, the Office for National Statistics labour force survey reveals that the number of young people aged 16 to 19 in Wales who are unemployed rose from 17,000 in June 1997 to 23,000 in June 2007, which is an increase of 35 per cent., and the number of those who are economically inactive rose from 50,000 to 65,000, which is an increase of 30 per cent. Will the Secretary of State explain to the House how such large increases amount to an eradication of youth unemployment? Is it simply that it does not count in Wales?

Mr. Hain: As the hon. Gentleman knows, the youth unemployment figures are normally calculated on the 18 to 24 age group, and long-term youth unemployment in that group has been all but eradicated across the UK, as I have told the House previously. There is, however, a particular problem with 16 and 17-year-olds, which is why we are introducing policies to ensure that they stay on in education, training or an apprenticeship. That is the Government's policy. It is important that we bear

down on the problem to give new hope and opportunity. He should not talk about youth unemployment. There was mass youth unemployment under the Tories, and if we adopted his policies we would go back to it.

Chris Ruane (Vale of Clwyd) (Lab): Does my right hon. Friend recall the phrase "Unemployment is a price worth paying"? What assessment has he made of the city strategy pilots in Rhyl in my constituency and the south Wales valleys to combat unemployment and the use of incapacity benefit?

Mr. Hain: I congratulate my hon. Friend on his chairmanship of the city programme in Rhyl, where I saw him at work when I visited. He has brought together a range of employers, the local authority and voluntary groups in a really good strategy for tackling Rhyl's long-standing problems of inactivity, and they are starting to make an impact. I remember the statement that unemployment was a price worth paying; I think it was made by a former Conservative Chancellor. I also remember statements from other Conservative Cabinet Ministers telling people to get on their bikes and find a job. That is what the Conservatives were saying to the people of Wales.

There are now more jobs in Wales than ever before. Some of the statistics are amazing. Wales accounts for nearly 15 per cent. of the UK's graduate business start-ups, yet on the population base that figure should be only 5 per cent., so it shows our success in Wales.

Comprehensive Spending Review

2. **Mr. Philip Hollobone** (Kettering) (Con): What discussions he has had with the Chief Secretary to the Treasury on the comprehensive spending review settlements for the Welsh Assembly Government and Wales Office. [164977]

The Secretary of State for Wales (Mr. Peter Hain): I had constructive discussions with the Chief Secretary during the comprehensive spending review process, which delivered a higher than average settlement for Wales, giving both the Welsh Assembly Government and the Wales Office the resources to deliver on policy priorities.

Mr. Hollobone: The capital gains tax changes announced alongside the comprehensive spending review will be a disaster for Wales. Was not the Welsh shadow Finance Minister, Angela Burns, absolutely right to highlight the damage that will be done to the Welsh economy because 98 per cent. of firms in Wales employ fewer than 50 people?

Mr. Hain: In that case, why do we have one of the best business start-up rates anywhere in Britain? Why do we have the graduate start-up rates that I have just described? Why is the Welsh economy doing much better on exports, economic activity falls and on almost every indicator? I know the Welsh business community, because unlike the hon. Gentleman, I am a Welsh MP. He should talk to Welsh businesses; they say that the Welsh economy is performing better than they can ever recall in their business life. He should talk to them about their prospects rather than try to talk them down.

Albert Owen (Ynys Môn) (Lab): I welcome the comprehensive spending review as it pertains to Wales, especially alongside the convergence funding that will allow projects in my area to progress. As my right hon. Friend is aware, one such project, supported by the Welsh Assembly Government and Anglesey county council, is the widening of Stephenson's Britannia bridge across the Menai straits. Will he work with the Assembly Government and the county council to make sure that the project comes to fruition, and that they draw down the correct money so that north-west Wales can enjoy prosperity in the future?

Mr. Hain: Indeed. I am grateful to my hon. Friend for drawing attention to that important project. I have travelled over the bridge with him from time to time when visiting the constituency he represents so well. It is important that such infrastructure projects are driven forward, especially with the help of the £3 billion-worth of European convergence funding that benefits his constituency and many others in west Wales and the valleys.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): The Secretary of State knows that the Labour-Plaid Assembly Government said that the CSR has delivered the worst settlement for Wales since devolution. Over the next few months, has the right hon. Gentleman any plans to give Welsh Assembly Ministers tax-raising powers, in any shape or form, to plug the gap?

Mr. Hain: I am very pleased that the hon. Lady has asked that question. Not only do I have no power to give tax-varying powers to the Welsh Assembly Government, but the settlement, which was welcomed by the Welsh Assembly Government Finance Minister, speaking on behalf of the whole Welsh Assembly coalition Government, represents spending growth at an annual average real-terms rate of 2.4 per cent. That is higher than the UK average of 2.1 per cent. and higher than for the other devolved Administrations—Scotland is at 1.8 per cent. and Northern Ireland at 1.7 per cent. The hon. Lady should welcome that spending, especially as the Welsh budget is more than double the amount we inherited in 1997.

Mrs. Gillan: The Secretary of State knows that this is not my criticism, but that of his Plaid partners in Wales. I suggest that he speaks to his Cabinet colleagues and his Plaid coalition partners, because he is in fact planning to impose taxes on Welsh road users. The Local Transport Bill gives Assembly Ministers power to impose a tax on all drivers using trunk roads in Wales—power to tax Welsh lorry drivers, Welsh farmers and tourists driving in Wales. Those provisions were not in the draft Bill and have been slipped in at the last moment, probably at the request of the Plaid Transport Minister. As the Government have ruled out a national road pricing—

Mr. Speaker: Order. The hon. Lady should shorten the questions in future. *[Interruption.]* I know that it is a big question. That is what I am saying: she should cut the big questions down.

Mr. Hain: I regularly speak to Welsh Assembly Government Ministers, and I recommend that the hon. Lady does so too. She might then get her questions a little straighter. The truth is that they have asked for these powers—*[Interruption.]* Is she seeking to deny the Welsh Assembly Government the powers for which they are asking? In that case, she would be unable to see or support the building of the M4 relief road. Probably the only way that that relief road can be financed is through raising a toll, and having the power to do so. I would have thought that she would support that objective given the traffic problems in the Newport-Cardiff area of the M4, which is often brought to gridlock.

Mrs. Madeleine Moon (Bridgend) (Lab): The comprehensive spending review also introduced a £1.1 billion environmental transformation fund for the consideration of new energy projects and technology. Inetec, a company in my constituency, has a wonderful new technology that would use food and packaging waste to generate electricity. It would not use anaerobic digestion, as the Department for Environment, Food and Rural Affairs has proposed. Will my right hon. Friend agree to take the matter up with the Welsh Assembly Government so that that new technology for Wales can be moved forward?

Mr. Hain: I shall happily do that, and I await further details from my hon. Friend. May I take this opportunity to speak on behalf of the whole House, I hope, in saying how delighted I am to see that the Government have announced the go-ahead for the world's largest biomass plant at Port Talbot? It will be fuelled by wood chips, and will contribute about 70 per cent. of the Welsh Assembly Government's 2010 renewable electricity targets and involve 150 jobs. That is a very good project.

Lembit Öpik (Montgomeryshire) (LD): Dafydd Wigley said that the Plaid-Labour coalition's days could be numbered due to a particularly tight comprehensive spending review, which will mean the non-delivery of "One Wales" commitments on first-time buyers, pensioners and free laptops for children. What discussions has the Secretary of State had with Welsh Assembly Ministers about whether the Plaid and Labour commitments to the people of Wales can be delivered with the comprehensive spending review as it stands?

Mr. Hain: I did speak to the Assembly Finance Minister, Andrew Davies, and he was pleased with the result. I will just say to the hon. Gentleman that I would not rely on quoting Plaid Cymru leaders of any kind. It is not a reliable guide to anything, frankly.

Child Poverty

3. **Jenny Willott** (Cardiff, Central) (LD): What discussions he has had with ministerial colleagues on levels of child poverty in Wales; and if he will make a statement. [164978]

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): My right hon. Friend the Secretary of State and I have regular discussions with ministerial colleagues on levels of child poverty in Wales.

Jenny Willott: Mencap Cymru recently found that Welsh families with a child with a learning disability are missing out on an average of £5,000 a year in benefits. Some miss out on as much as £20,000. In addition, recent news reports suggest that £21 million devolved to the Assembly for support for disabled children has been diverted elsewhere in the budget. Given that those households with disabled children are among the poorest in Wales, what measures are the Minister and Secretary of State taking to improve support for those families and their benefit take-up levels?

Huw Irranca-Davies: Mencap and other organisations play an important role in feeding into the process by which we bring forward policy to tackle child poverty. The hon. Lady will acknowledge that when the Government came to power, 3.4 million children were living in poverty. Since 1998-99, 600,000 have been lifted out of poverty. Our strategy in the UK is to commit to halve child poverty by 2011 and to raise the bar to eradicate 60 per cent. of child poverty by 2020. Huge strides have been made. The number of children in households in the UK with incomes below the poverty line fell by 100,000 between 1998-99 and 2005-06. We are committed to eradicating child poverty, and we will continue with that objective.

Mrs. Betty Williams (Conwy) (Lab): My hon. Friend will be aware that the child trust fund scheme has been welcomed in Wales as a way to tackle child poverty, and that take-up in my constituency at 76.9 per cent. is higher than average. Will he find ways to encourage more parents to use the vouchers so as to raise that percentage even more?

Huw Irranca-Davies: The high level of take-up in my hon. Friend's constituency is very good news, and she is right that we must do everything we can to encourage higher levels across Wales. The child trust fund is important, but the hon. Member for Yeovil (Mr. Laws), the Liberal Democrat spokesman on these matters, has said in a press release:

> "The Child Trust Fund should be scrapped and the money should be used where it would really make a difference—helping youngsters".

However, if the Liberal Democrats are serious about combating child poverty—

Mr. Speaker: Order. That is not a matter for the Minister.

Economy

4. **Dr. Hywel Francis** (Aberavon) (Lab): What discussions he has had with the First Minister of the Welsh Assembly Government on recent developments in the Welsh economy. [164980]

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): My right hon. Friend the Secretary of State and I have regular discussions with the First Minister about all aspects of the Welsh economy. The Welsh Assembly and the UK Government have worked in partnership to ensure that the Welsh economy has grown rapidly to historic levels of output, with record investment.

Dr. Francis: I thank the Minister for that reply, and I am sure that he will agree that one of the best ways to tackle the twin challenges facing the Welsh economy today—economic inactivity and low skills levels—is to support the excellent work being done across Wales by many organisations. In my constituency, they include the Shaw Trust in Llandarcy, Remploy in Baglan and, in particular, the New Sandfields Aberavon development trust, whose Strides project, in partnership with Sandfields comprehensive school, has done so much to assist the skills levels of young people.

Huw Irranca-Davies: I agree entirely, and my hon. Friend is right to point out that a genuinely partnership approach is being adopted. That is why employment in Wales is at historically high levels, with 1.334 million people now in work. As a result of this Government's policies, Wales is attracting record levels of investment, and that has led to consistent growth in employment levels. In partnership with all sorts of organisations, Wales is becoming truly world class.

Mr. Roger Williams (Brecon and Radnorshire) (LD): Gross value added is now recognised as a key economic indicator. If the UK average is taken to be 100, Wales stands at 78 while west Wales and the valleys languish at 65, despite seven years of objective 1 funding and expenditure of £1 billion. The main reason for that is the absence of involvement by the private sector. What conversations will the Minister have with the Welsh Assembly to ensure that the private sector gets more involved with convergence funding to make it more successful than the abortive objective 1 funding?

Huw Irranca-Davies: By way of answer, let me say that incapacity benefit claims have fallen by 9 per cent. in west Wales and the valleys, and the figure for Wales as a whole is even higher. The strategies to turn the existing problem around are firmly embedded, but I agree entirely that the private sector must get involved. It is noticeable that private sector output in Wales has risen for 45 successive months, from March 2003 to October 2007, but it is true that we must also get the private sector involved with convergence funding.

Chris Bryant (Rhondda) (Lab): One of the most significant developments in the next few years will be the St. Athan defence training academy, on which we hope that building will start in the next two years. We have already won the first package, so will the Minister do everything in his power to make sure that the Ministry of Defence understands the benefits of bringing the second package to Wales as well? That is supported by everyone on the Labour side of the House, but will he make sure it is supported by everyone on the other side as well?

Huw Irranca-Davies: My hon. Friend makes a very important point. The success of the academy depends very much on strong and coherent cross-party support and leadership. The massive investment in the new St. Athan defence training academy, worth billions of pounds, shows that the Government have given Wales a huge vote of confidence and is a sign of the country's bright economic future. Thousands of jobs will be created when construction of the academy is complete, and they will come on top of the 1,500 jobs created during the construction period. We must continue to show consensus and leadership at all levels on this matter.

Adam Price (Carmarthen, East and Dinefwr) (PC): Can the Minister confirm that, when the Varney review on corporation tax cuts reports in the next few weeks, any tax breaks offered by the Government to businesses in Northern Ireland will also be offered to businesses in Wales?

Huw Irranca-Davies: There will be a level playing field on that issue. I reiterate the comments that have been made about St. Athan and elsewhere: we would welcome the hon. Gentleman's help in ensuring that there is coherent, joined-up cross-party support for St. Athan.

Benefit Claimants

5. **Nia Griffith** (Llanelli) (Lab): What discussions he has had with ministerial colleagues on reducing the number of people claiming benefits in Wales. [164981]

The Secretary of State for Wales (Mr. Peter Hain): We have the objective of reducing the number of people claiming benefits in Wales, by getting them into work.

Nia Griffith: I welcome the fact that our programmes are enabling people to come off benefits and into work, but what reassurance can the Secretary of State give that the recipients of disability living allowance who suffer from a progressive disease will not be subject to unnecessary stress by examinations under the right payment programme, as that will both cause them tremendous distress and waste staff time?

Mr. Hain: Clearly, people, possibly including my hon. Friend's constituents in that predicament, who are severely disabled should be helped and supported on benefit and not forced into any old job, but we are changing the capability assessment under which people's potential to work is medically assessed, to ensure that they are supported and given the maximum opportunity. More and more disabled people are working with the help of our Government's policies, and incapacity benefit levels have fallen by 12 per cent. in her constituency as people have moved off benefits and into work.

Ian Lucas (Wrexham) (Lab): Does my right hon. Friend agree that supporting youth projects is a key way of getting more people into work? Will he join me in condemning the Liberal-Tory alliance on Wrexham council, which is systematically targeting the poorest wards in Wrexham by closing down facilities that help young people into work?

Mr. Hain: Indeed. I am horrified by the Liberal Democrat council's performance in Wrexham, and I hope that it will be swept out of power next May. I am delighted at Labour's recent stunning by-election victory in Wrexham, overturning a Liberal Democrat majority of 231 in the Stansty council ward.

Legislative Competence

6. **Michael Fabricant** (Lichfield) (Con): What steps he is taking to increase the National Assembly for Wales' legislative competence. [164982]

8. **Mr. Shailesh Vara** (North-West Cambridgeshire) (Con): What steps he is taking to increase the National Assembly for Wales' legislative competence. [164984]

The Secretary of State for Wales (Mr. Peter Hain): We are committed to giving the National Assembly for Wales new law-making powers under the provisions of the Government of Wales Act 2006.

Michael Fabricant: Returning to the point made by my hon. Friend the Member for Chesham and Amersham (Mrs. Gillan), does the Secretary of State not realise that damage will be done to tourism by allowing taxation on all vehicles that enter Wales? That is what will happen if the framework powers go ahead. Why are these actions being taken, given that there has been no proper consultation?

Mr. Hain: I do not accept anything that the hon. Gentleman has said. As I explained patiently to the hon. Member for Chesham and Amersham (Mrs. Gillan), the Conservative spokesman for Wales, the truth is that the measures for which the Welsh Assembly Government are asking Westminster to grant will enable them, for example, to impose a toll like the one that has been successfully operated on the M6 from Birmingham towards Manchester, in order to fund the M4 relief road. The hon. Gentleman might know—he might not, of course—that there is severe traffic congestion in the Brynglas tunnel and elsewhere on the M4 on the stretch from the Severn bridge to Cardiff. These measures are not meant to impose nationwide tolls in Wales or anything of the kind that he suggests; they are specifically targeted to help in specific instances, including the M4 relief road.

Mr. Vara: Does the Secretary of State foresee any circumstance whereby primary legislative power will be transferred to the National Assembly under the Government of Wales Act 2006 in this Parliament?

Mr. Hain: I have made it clear to this Parliament in taking the 2006 Act through its passage that I think that that is unlikely, and I have said all along that I am in favour of calling a referendum on full law-making powers, which I support and put into the Bill, when we are likely to win it. I do not think that there is any point in calling a premature referendum, which would produce a repeat of 1979, rather than the success, albeit narrow, that we achieved in 1997. We need to build a consensus for a yes vote across all parties, and I want to be part of achieving that.

Planning Bill

7. **Mr. Elfyn Llwyd** (Meirionnydd Nant Conwy) (PC): What discussions he has had with the First Minister of the Welsh Assembly Government on the implications for Wales of the forthcoming planning Bill. [164983]

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): I speak regularly to ministerial colleagues in the Welsh Assembly Government on the implications for Wales of the Government's legislative programme, including the planning Bill.

Mr. Llwyd: The planning Bill is, in effect, undemocratic. It will take away from local people the right to cross-examine infrastructure proposals. Will the hon. Gentleman take time to discuss the matter with Assembly Ministers, who are very concerned about the way in which the Bill is going to be presented?

Huw Irranca-Davies: I disagree with the idea that the Bill will take away powers. It will implement proposals set out in the White Paper "Planning for a Sustainable Future" to streamline and improve planning. It is another Government proposal that fulfils our commitment of devolving legislative competence to the National Assembly for Wales via framework powers. The consent regime for significant infrastructure projects will respect the existing devolution settlement. The infrastructure planning commission will decide whether to grant consent for projects in Wales only if the existing consent regimes are not devolved.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [166251] **Ann McKechin** (Glasgow, North) (Lab): If he will list his official engagements for Wednesday 21 November.

The Prime Minister (Mr. Gordon Brown): Before listing my engagements, I am sure that the whole House will wish to join me in sending our profound condolences to the family and friends of Captain John McDermid of the Royal Highland Fusiliers, 2nd Battalion the Royal Regiment of Scotland, who was killed in Afghanistan last Wednesday, and our condolences also to the families and friends of the two service personnel who died yesterday in a helicopter crash in Iraq. We owe them and others who have lost their lives a deep debt of gratitude.

I am also sure that the whole House will wish to send our warmest congratulations to Her Majesty the Queen and Prince Philip on their diamond wedding anniversary yesterday. They have both devoted their lives to public service and we pay tribute to them again today.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Ann McKechin: May I associate myself with the expressions of sympathy by the Prime Minister?

Many people in my constituency and throughout the country will have been very concerned at the announcement yesterday about the loss of millions of data records from the child benefit office. Can my right hon. Friend assure me and the House that he will take every possible step to ensure the protection of the data of our citizens, not only in Her Majesty's Revenue and Customs, but across Government?

The Prime Minister: I profoundly regret and apologise for the inconvenience and worries that have been caused to millions of families who receive child benefit. When mistakes happen in enforcing procedures, we have a duty to do everything that we can to protect the public. That is why bank accounts are being checked now for fraudulent activities and why the banks have agreed to look back to 18 October and beyond to check whether there have been any fraudulent activities—and there is no evidence of that happening. That is why the banking code will ensure that there are no losses suffered by anybody who receives child benefit if there is fraud in their accounts—and again there is no evidence of fraud.

It is also why we have set up the review by the chairman of PricewaterhouseCoopers into the procedures that have been followed. I can also say to the House today that I have asked the Cabinet Secretary and security experts to ensure that all Departments and all agencies check their procedures for the storage and use of data. As the House may know, last month I also set up a review to be chaired by Mark Walport of the Wellcome Trust and the Information Commissioner jointly, to look at the security of personal data in both the public and the private sector. They will look at the work of Government agencies and Departments. We will give the Information Commissioner the power to spot-check Departments, to do everything in his power and our power to secure the protection of data. In other words, we will do everything in our power to make sure that data are safe.

Mr. David Cameron (Witney) (Con): I join the Prime Minister in paying tribute to Captain John McDermid, who was killed in Afghanistan last Wednesday, and to the two service personnel who were killed when their RAF Puma helicopter was lost in Iraq last night. They all died serving our country.

I also join the Prime Minister in congratulating the Queen and the Duke of Edinburgh on their diamond jubilee. They have had a remarkable life together, and a life of public service.

Millions of people will today be worrying about the safety of their bank accounts and the security of their family details, but they will not just be worried; they will be angry that the Government have failed in their first duty—to protect the public. Does the Prime Minister think that the matter should be treated as an isolated incident, or does he believe that there is wider, systemic failure and a lack of leadership at Revenue and Customs?

The Prime Minister: It is precisely because we have to check all procedures, not just in HMRC but in all departments, that I have asked the Cabinet Secretary to conduct a review. There is also the review that will be conducted by the chairman of PricewaterhouseCoopers into HMRC itself. I have to tell the right hon. Gentleman that there is no evidence of fraudulent activity taking place, and that this was a failure in implementing the proper procedures. It is important that he should know that the procedures that should have been followed are these: only authorised staff must be allowed access to protectively marked information; information must not be removed without appropriate authorisation; and encryption should be used whenever any information is being sent. Those were the procedures. They are in existence now, and they should have been operated.

Mr. Cameron: It is all very well holding reviews, but the Government have had 10 years to sort out the department. I have to say to the Prime Minister that if a junior official in an organisation can access so much information and send it not once, not twice but three times, that is evidence of systemic failure. Last year there were more than 2,000 breaches of security at Revenue and Customs. In May this year, 8,000 families needing tax credits had their bank details revealed, and later in the year details of 15,000 taxpayers, including private pension information, were lost in the post. The Government said at the time:

"We have...reviewed our arrangements and introduced safeguards to prevent this happening in future."

Clearly, that was completely wrong. Does the Prime Minister accept systemic failure in the department?

The Prime Minister: What I accept is that the review must look at all the procedures that are adopted by HMRC, but it must also look at other Government Departments and agencies. In relation to the case that the right hon. Gentleman is quoting—that of Standard Life—yes, a review was done, and it proposed that there be changes in both encryption and audit. The problem was that the information that was lost was lost on October 18, and the procedures that should have been followed were not followed. Let me just tell him—*[Interruption.]*

Mr. Speaker: Order.

The Prime Minister: I think that the House should know that under the "Manual of Protective Security", which all departments are obliged to follow, any data that are sensitive will attract a protective marking—"restricted/confidential"—and should be encrypted when in transit. There is absolutely no doubt that that is the procedure; it just was not followed, and that is what the investigation has got to look at.

Mr. Cameron: But this has been going on for years. *[Interruption.]* Yes, let us look at what happened in September 2005, two years ago: Revenue and Customs lost vital data about savings from one of its clients, UBS. The data were stored on a CD-ROM and were not encrypted. The data went missing from a Revenue and Customs office, and what happened? Revenue and Customs claimed it was a one-off incident in a single office. That is what I call systemic failure—when procedures are not followed over and over again. HMRC was the Prime Minister's department. He insisted that it paid child benefit, and he increased its scope. Clearly there is a problem with its security, its privacy, its culture and its leadership. Does the Prime Minister feel at all responsible for this?

The Prime Minister: The Leader of the Opposition should know that his party supported the changes that we made to HMRC. The National Audit Office reported on the changes that we brought about and said the performance of HMRC had not been adversely affected. The adjudicator for HMRC said that the changes had not had any negative impact. I have to ask the right hon. Gentleman: what if we had followed his advice at the last general election? He proposed that we cut expenditure on HMRC. His report—the James review that he put into his manifesto—said that his party should cut £660,000 million by what they called the "Rationalisation of data processing". It was he who recommended further cuts.

Mr. Cameron *rose—[Interruption.]*

Mr. Speaker: Order. The Leader of the Opposition.

Mr. Cameron: I have to say that on a day when the Government have lost the details of 25 million people, to try and blame the Opposition is pathetic. What people want from their Prime Minister on a day like this is for him to stand up, show some broad shoulders, be the big man and take some responsibility. This morning his Chancellor, to give him credit, had the guts to admit that his confidence had been shaken. The Prime Minister was in charge of the Department for 10 years. By definition, that must have been when the systemic failure developed, so has his confidence been shaken?

The Prime Minister: I said right at the beginning that I apologise for what has happened. Everybody who is a recipient of child benefit should know that we will follow every proper procedure now to improve the working of HMRC and of every Government Department and agency. I have announced not only the inquiry into HMRC, but that the Cabinet Secretary will look at every Government Department and every agency. I have also announced, which is important, that we will look at the collection of private and public data. That is what the Walport review will look into. The idea that we are complacent about the matter is ridiculous. We are taking all the action that is necessary. The right hon. Gentleman raised the question of HMRC and its resources and staff. I am saying to him that the reports have shown that that is not the reason that things have gone wrong. There is no excuse for not following proper procedures.

Mr. Cameron: If the Prime Minister really wants to learn some lessons, will he recognise that this appalling blunder comes at a time when the Government are planning a national identity register to draw together private and personal details of every single person in this country? Will the events of the past few days cause him to stop and think about that policy?

The Prime Minister: I have already announced the inquiries that we have set up, but let me say that 22 out of 25 European countries have identity cards. The right hon. Gentleman's own security adviser proposes identity cards. His own reviewer of the national police force—the border force—says that he is in favour of identity cards. What we must ensure is that identity fraud is avoided, and the way to avoid identity fraud is to say that for passport information we will have the biometric support that is necessary, so that people can feel confident that their identity is protected.

Mr. Cameron: People are desperately worried about the privacy of their bank account details and their personal details. They will find it truly bizarre—they will find it weird—that the Prime Minister does not want to stop and think about the dangers of a national identity register. Will people not think that he has completely lost touch with reality? He is demonstrating no common sense at all. Will they not see a Prime Minister who tries to control everything, but cannot run anything?

The Prime Minister: I will not accept any advice on competence—*[Interruption.]*

Mr. Speaker: Order. The Prime Minister.

The Prime Minister: The right hon. Gentleman talks about running things well. For 10 years we have had the best economic policy in any part of Europe, for 10 years the lowest inflation of any decade, the lowest interest rates of any decade and the highest employment of any decade—something that he could never rival.

Ms Patricia Hewitt (Leicester, West) (Lab) *rose—*

Michael Fabricant (Lichfield) (Con): Tell them about the NHS IT programmes.

Mr. Speaker: Order. Mr. Fabricant, you must behave yourself.

Ms Hewitt: Does my right hon. Friend agree that all those who support his call for urgent action on the environment should also support the European reform treaty that will allow an enlarged European Union to put behind us institutional questions and instead concentrate on what really matters, including tackling climate change?

The Prime Minister: My right hon. Friend has taken a long-term interest in how we can improve our environment. There is no doubt that we cannot have environmental improvement without European co-operation. If the Conservatives want to support environmental co-operation, they should be supporting the reform treaty.

Dr. Vincent Cable (Twickenham) (LD): I add my condolences in respect of the servicemen and my congratulations to Her Majesty.

After the twin disasters of £25 billion of taxpayers' money disappearing down the black hole of Northern Rock and 25 million personal records disappearing in the post, does the Prime Minister accept the wisdom of Tony Blair who said that the Treasury had become far too powerful under its previous incumbent, was no longer fit for purpose and should have been broken up?

The Prime Minister: This is a new policy from the Liberal party today. I do not know whether the new leader of the Liberal party will want to stick with the policy to break up the Treasury. If the hon. Gentleman seriously believes, as he implies, that we should not be helping Northern Rock depositors and savers, if he seriously believes that we should let Northern Rock mortgage holders go under, then I do not believe he has support in any part of the country. We have taken the right decision—initially supported, of course, by the Leader of the Opposition, who has since backed away from it—to give liquidity to Northern Rock. I hope that the hon. Member for Twickenham (Dr. Cable) will continue to support that position.

Dr. Cable: May I point the Prime Minister to the next Treasury disaster, with the imminent publication of the report on the privatisation of QinetiQ, which I warned about in the debate 18 months ago? Was the Prime Minister not financially very naive when he agreed to the undervaluation of public assets, enabling an American private equity company to make a windfall profit of £300 million and the chief civil servant involved to make a personal fortune of £22 million?

The Prime Minister: It is very interesting that the hon. Gentleman has not moved to talk about Northern Rock again. I suppose that he is now supporting us in rescuing Northern Rock. I hope that that is a consensus.

As far as QinetiQ is concerned, we raised £800 million from the sale. QinetiQ is serving its country under its new ownership and QinetiQ is very important to the Ministry of Defence's future procurement plans.

Q2. [166252] **Mr. Barry Sheerman** (Huddersfield) (Lab/Co-op): Does my right hon. Friend agree that, given the dramatic decline in the number of unskilled jobs in our country, it is absolutely imperative that we encourage young people to stay in education and training up to the age of 18? Will he join me in criticising those orchestrating a campaign of disinformation, who are suggesting that we want to keep kids in schools until they are 18?

The Prime Minister: The proposal to raise the education leaving age to 18 over the next few years includes, for example, a young person at 16 or 17 getting a job and doing one day a week of training. I would have thought that just as there was all-party support for the Education Act 1944—the last time the education leaving age was raised by legislation—there should be all-party support for what we are doing. I regret very much that the education spokesman of the Conservative party has called raising the education leaving age to 18 "a stunt"; it is absolutely vital for the future of our country.

Mr. John Randall (Uxbridge) (Con): Has any member of the Prime Minister's Cabinet offered to resign in the last two weeks?

The Prime Minister: No—and nor should they.

Q3. [166253] **Richard Burden** (Birmingham, Northfield) (Lab): I welcome the speech that the Prime Minister made on Monday about the challenge of climate change, and in particular the decision to locate the energy technologies institute with a consortium of universities in the midlands. However, does he agree that if we are really going to seize the opportunity to become world leaders in the development of environmental technologies, the initiatives that we take need to go far beyond the universities to provide jobs, skills and regeneration in areas such as my part of Birmingham? They have been suffering big changes over the past decade or more.

The Prime Minister: Just as information technology created millions of jobs in the 1990s, so environmental technologies can create millions of jobs across Europe and the world over the next few years. That is why the joint public-private energy technologies institute, now funded to the tune of £800 million—half of that from the private sector—is absolutely vital in giving us a world lead in the new products and processes. I am very pleased that my hon. Friend's constituency and many universities around the country are going to benefit from participation in this. It is an example of public money being used for a public purpose, working with the private sector to create new industries and new jobs.

Mr. John Redwood (Wokingham) (Con): Why are there so many potential terrorists in Britain today?

The Prime Minister: We know from the statement made by the head of MI5 that we are dealing with a small but important group of young terrorists who are operating in cells, and we know that there are distinct links in our country with the Asian sub-continent; that is one of the reasons why the numbers in Britain are so high. However, we also know that the measures that we announced last week, not only to win the battle of hearts and minds but to isolate extremists, are the right way forward. The right hon. Gentleman should agree with me that we are making substantial advances in persuading young people that this is not the right way forward and in isolating these terrorist extremists in our country, and we will continue to fight the battle against terrorism.

Q4. [166254] **Paul Farrelly** (Newcastle-under-Lyme) (Lab): Yesterday, as part of the parliamentary education service's excellent programme, students from Newcastle-under-Lyme college of further education visited me here in Westminster. In Newcastle, we will shortly get a brand new £25 million FE college, which is our latest big investment in education in the area. That said, despite regeneration, too many of our youngsters have mainly low-paid and low-skilled jobs in newer industries such as distribution to look forward to. What further measures will the Government take to ensure that our children are equipped with the education and skills that they need to meet their rising aspirations and the rising aspirations of the traditional industrial areas such as north Staffordshire?

The Prime Minister: When we came to power in 1997, the apprenticeship system was dying out. Now the number of apprentices is 250,000, and we want to double that to 500,000. I hope that there will be all-party support for improving the apprenticeship system.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Is it time for Blackadder to say goodbye to Darling?

The Prime Minister: I have already answered that question. The Chancellor has done an excellent job both as a former Minister at the Treasury and now as Chancellor of the Exchequer.

Q5. [166255] **Mr. Andy Reed** (Loughborough) (Lab/Co-op): In discussions with students in Ramallah on the west bank a couple of weeks ago, I felt depressed by the fact that those students had done what they were asked to do—they had got themselves a college education and were in their final year at university—but said that they had no hope because there were no jobs. Whatever happens in Annapolis, will my right hon. Friend ensure that economic regeneration and hope for young Palestinians is at the top of the Government's agenda in the middle east?

The Prime Minister: I believe that all sections of the House will want to support the Annapolis talks, which start in the next few days. It is very important to say that the Annapolis talks are part of a framework over the next few months, whereby we then have a donors conference

in December and, I hope, build on that with our proposals for greater economic security and support for the Palestinian people. Last week, I announced a $500 million advance from Britain, if we can solve the security problems, to provide jobs for the Palestinian people. I have now talked to other world leaders and they will be prepared to support this fund if we can make progress on security. My hon. Friend rightly says that the levels of poverty and unemployment are intolerable in Gaza and the west bank, and we are ready to do what we can to help people in those areas.

Mr. Paul Keetch (Hereford) (LD): The Prime Minister rightly paid tribute to the servicemen killed in Afghanistan and Iraq. The two men killed in Iraq were possibly in a Puma helicopter that was older than some of the personnel it was carrying. When will the Chinook helicopters ordered by the previous Conservative Government for use by our special forces be delivered for use by our special forces?

The Prime Minister: I do not think, despite the tragedy yesterday, that anybody should jump to any conclusions about what has happened. A full investigation should and will take place. I want to pay tribute to the courage, dedication and service of the men who have died.

As for equipment, we have ordered more helicopters; more helicopters are there on the ground; and we have the biggest defence programme of capital investment over the next 10 years of any Government at any time.

Q6. [166256] **Mr. Robert Flello** (Stoke-on-Trent, South) (Lab): My right hon. Friend will be aware that primary schools in Stoke-on-Trent have already benefited from about £50 million for rebuilding and refurbishment. With £200 million, we now have a similar opportunity for our high schools and special schools. Given that this is probably a once-in-100-years opportunity, and that it is absolutely vital to get it right, will he agree to meet heads and governors to discuss their proposals for how that money should be spent across the whole city, particularly, in my constituency: St. Joseph's, Trentham high, Longton, Edensor, Blurton and St. Thomas More—I could go on—

Mr. Speaker: Order.

The Prime Minister: My hon. Friend knows his constituency very well. Nineteen schools are being rebuilt in Stoke-on-Trent, and 111 additional classrooms are being refurbished. He is absolutely right: under the building schools for the future programme we have committed to the refurbishment of thousands of schools, primary and secondary, around the country. It would be unfortunate if the Conservative plans announced yesterday were to disrupt a programme whereby people are expecting new schools and new classrooms in the next few years.

Mr. Richard Bacon (South Norfolk) (Con): I do not know why the Prime Minister was smiling a moment ago about HMRC. There are 25 million people who do not think that it is funny at all. Can he explain why the accounts of HMRC have been qualified for the past four years?

The Prime Minister: That has happened on many occasions. I just have to read to the hon. Gentleman from this report. The National Audit Office said that HMRC's performance has not been adversely affected, and that in some areas performance had improved substantially. It added that the adjudicator for HMRC had said that the changes that we brought about in the HMRC had had no negative impact on its customers. HMRC is working as a new unit.

Q7. [166257] **Ben Chapman** (Wirral, South) (Lab): Although I accept that we have to have a Post Office network of an appropriate size, the closure of sub-post offices in individual localities is a cause of some concern. Those in my constituency currently under threat, so to speak, are good businesses. They serve a high proportion of the elderly and disabled who do not have an easily accessible alternative, and they act as a funnel for other businesses. Will my right hon. Friend assure me that the consultation being carried out by the Post Office is just that, and not a cover for a foregone conclusion?

The Prime Minister: It is not only a consultation; I invite him to meet the Minister responsible for Post Office matters at the Department for Business, Enterprise and Regulatory Reform to talk about those issues. The fact is that we are putting £1.7 billion into helping the Post Office network. It is true that many post offices are not widely used at all. In some cases, there is single-figure use during the course of one day. There will be a proper consultation and my hon. Friend's local residents will have the chance to have their voices heard.

Q8. [166258] **Mr. Andrew Robathan** (Blaby) (Con): On the question of trust in this Government, all Members opposite should remember these words about the constitutional treaty:

"We will put it to the British people in a referendum".

If the Labour party manifesto was deliberately misleading the British people, what faith can anyone have in anything this Government say? What would the Prime Minister normally call somebody who does not tell the truth?

The Prime Minister: The first announcement in Brussels last spring was that the constitutional project had been abandoned. There is no constitutional treaty; it is an amending treaty. We won all our red lines and secured all the agreements that we won. That is why the question for the Conservative party is now whether it will support a referendum, even after ratification.

Q9. [166259] **Mr. Ronnie Campbell** (Blyth Valley) (Lab): Can the Prime Minister tell me why the Barnett formula cannot be applied to the English regions?

The Prime Minister: The Barnett formula is for the whole of the United Kingdom. It is not for one part of the UK. It covers all areas of the United Kingdom, and the formula is based on the needs of each different part.

Mr. Edward Leigh (Gainsborough) (Con): Is the Prime Minister aware that when the Department for Work and Pensions ran child benefit, it did a full audit on 20,000 names? When it was passed to the Inland Revenue, that was cut to 2,000 names, which is why the National Audit Office had to check its figures. Is he further aware that those protocols were agreed at a high level in

March between the NAO and the Inland Revenue, and when the NAO asked for narrow details—not people's personal bank accounts—the Revenue said that to disaggregate that information would be too burdensome for the organisation? Those decisions were, therefore, taken at a high level. Is that not the image of a department that has had too much work loaded on it at the same time as it is cutting staff?

The Prime Minister: The hon. Gentleman raises a point that will be the subject of the investigation. I have to tell him that there is a dispute about what the NAO and HMRC said to each other about these particular data, but the important part of the inquiry is that it will reveal the truth of what happened.

Q10. [166260] **Anne Moffat** (East Lothian) (Lab): I congratulate the Government on acknowledging veterans, most recently the Bevin boys, for their contribution during the war. Will my right hon. Friend give positive consideration to recognising the Land Army girls who worked tirelessly under extreme conditions for their nation during the same conflict?

The Prime Minister: My hon. Friend makes an important point, and the Government are sympathetic to the case for recognising the work of the Women's Land Army. We are looking carefully at how that should be done, and we shall report back to the House in due course.

Q11. [166261] **Mr. David Heathcoat-Amory** (Wells) (Con): Is the Prime Minister aware of the damage caused to the landscape of Britain by wind turbines, which are often opposed—*[Interruption.]*

Mr. Speaker: Order.

Mr. Heathcoat-Amory: They are often opposed by local people, then imposed by planning inspectors implementing Government targets for renewable energy. If the Prime Minister is serious about climate change, will he urgently restart Britain's nuclear programme and stop industrialising the uplands of Britain with wind farms that are ugly, inefficient and unreliable?

The Prime Minister: No wonder the Leader of the Opposition is blushing and going red—his party is all talk and no action.

Mr. Speaker: We now come to the main business—*[Interruption.]* Hon. Members must leave the Chamber quietly.

Point of Order

12.31 pm

Mr. Paul Goodman (Wycombe) (Con): On a point of order, Mr. Speaker. A week ago, the Prime Minister guaranteed in the House that copies of the successful bids for £6 million to prevent extremism would be placed in the Library. A week later, those documents are not in the Library, which has received a message from Downing street saying that there is no timetable for their delivery. What can you do, Mr. Speaker, to ensure that the Prime Minister's pledge to the House is honoured and that scrutiny of that £6 million by right hon. and hon. Members is allowed to proceed? After all, we do not want any further financial problems, do we?

Mr. Speaker: I will look at the record in *Hansard*. If the words spoken by the Prime Minister are exactly as the hon. Gentleman says, and I have no reason to doubt that they are, I would expect a promise made by a Minister on the Floor of the House—whether by the Prime Minister or any other Minister—to be carried out. Let me look at *Hansard*, and I will get back to him. If it is as he says, and a Minister has made a pledge on scrutiny in the House, I will see to it that those documents are placed in the Library.

Opposition Day

[1ST ALLOTTED DAY]

Schools Reform

Mr. Speaker: We now come to the first debate on the Opposition motions. I inform the House that in each debate I have selected the amendment in the name of the Prime Minister. Under the powers that have been given to me, the speeches of both Front-Bench spokesmen, and the spokesman of the third-largest political party represented in the House, will be restricted to 20 minutes.

12.33 pm

Michael Gove (Surrey Heath) (Con): I beg to move,

That this House expresses its concern over recent reports that the Government is retreating on the Academies programme and calls on the Secretary of State to restore the freedom of Academies to operate outside the National Curriculum, to take steps to liberate them further from local authority control, and to recognise that Academies should act as a spur and encouragement to local authorities by pioneering innovative new approaches to helping the most disadvantaged; and further believes that the Academies programme should be expanded and accelerated with not only more Academies but also greater freedoms for new providers who wish to open all-ability schools in the state sector.

First, may I say what a pleasure it is to see the Secretary of State in his place today? Some of us imagined that after the events of the past 24 hours he might well have enjoyed a rapid promotion back to the Treasury, where he would sit at the right hand of the Gord. We will probably have to wait a few weeks before that miraculous assumption happens.

Talking of biblical themes, my mission today is to adapt the words of St. Francis of Assisi and see whether, where there is discord, we can bring harmony. I refer, of course, to the need to heal the breach in the Labour party on education and bring the Secretary of State back into line and on to the side of real reform. One of the most worrying aspects of the Secretary of State's tenure is a crab-like inching away from the proper reform programme, which began under Tony Blair. In recent weeks, that process has taken on the aspect of a full-scale invertebrate retreat.

It was all so different only two years ago. In those days, the Government had a reputation for competence, and the Secretary of State was only a Back Bencher. The two may or may not be related. Only two years ago, the country was led by a Prime Minister who, whatever his defects, knew where he wanted to take the country. Now, we are led by a Prime Minister who, because of his defects, dare not even go to the country. Only two years ago, there was an emerging consensus on the need for the Government to promote a public sector reform vision, driven by greater pluralism, diversity and choice. Now, there is a growing consensus that the Government do not have a vision and that they are paralysed by cronyism, incompetence and weakness.

Nowhere has that abandonment of a progressive vision been more worrying than in education. On many occasions, the Secretary of State has revealed his anti-reform instincts. I shall run through them shortly. However,

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there is still time—and hope, in my breast, at least, if not on the Labour Back Benches, that he may yet come good.

Mr. Nicholas Soames (Mid-Sussex) (Con): I doubt that.

Michael Gove: I know that some of my hon. Friends doubt that, but I am a generous soul and I like to think that a young lad could rise to the occasion, on this day at least. I hope that he will take the opportunity that the debate presents to repent of his errors or, at the very least, to turn over a new leaf and make clear his commitment to reform.

Mr. David Laws (Yeovil) (LD): May I test the hon. Gentleman on his commitment to turning over a new leaf? If he became Secretary of State, would he give permission to a Conservative local authority, such as Buckinghamshire, that presented proposals for a new grammar school?

Michael Gove: It is normally the Labour party that raises grammar schools when it wants to divert attention from the divisions in its ranks. However, I can understand, given what is happening to the hon. Gentleman's candidate for the leadership of the Liberal Democrats—the so-called "Calamity Clegg"—why he wants to divert attention.

Mr. Speaker: Order. The hon. Gentleman should know that there are courtesies in the House, and that he should not have used that term.

Michael Gove: I apologise for drawing attention to the divisions in the Liberal Democrat party in that way. The hon. Member for Yeovil (Mr. Laws) invites me to talk about our policy—it is the same as it has always been. In those areas that retain the 11-plus, demographic change may mean that additional provision is needed, but we are not in favour of restoring it. In that respect at least, there is a measure of consensus in the House, although it may sometimes be broken by the aggressive instincts of the Minister for Schools and Learners when he is anxious to assert his pit bull characteristics.

Tom Levitt (High Peak) (Lab): Will the hon. Gentleman give way?

Michael Gove: Not at this stage, but I will give way later.

Speaking of pit bull characteristics, the hon. Gentleman inevitably tries to intervene because he wants to acquire a reputation as the Rottweiler of the Back Benches. I am afraid that he must stay in his kennel for another couple of minutes. [HON. MEMBERS: "Down boy."] Indeed.

My purpose, in spelling out some of the matters on which the Government have slipped back in the reform agenda and pointing out ways in which they can fruitfully take matters forward, is constructive. I want the Secretary of State to realise that his tenure will be wasted if he listens to the reactionary voices in his party urging him to give producer interests and the complacent establishment a chance. I want to give him the chance to deploy his intellectual gifts, which are still there, and the powers of his office in the service of reform, which will make opportunity more equal and help the disadvantaged most. My challenge to him is to be a moderniser.

Two years ago, there was a modernising consensus in the House of Commons. It drove the Education and Inspections Bill through and put it on the statute book, thanks to Conservative Members' votes. The current Secretary of State was deeply unhappy with that at the time, as he told the *New Statesman*. However, that consensus was built on a powerful set of insights. Improvements in education had to be driven by not only a relentless focus on standards but a proper reform of structures.

In 2005, when the Blair Government published their education White Paper, the then Prime Minister and the then Secretary of State argued for greater pluralism and diversity in schools. They anticipated the development of fully independent schools in the state system. They hoped that local education authorities would play a progressively smaller role. They hoped that all new state schools would be created outside local authority embrace, and cited Florida and Sweden as exemplars. They looked at those states that had enacted thoroughgoing supply side reform with greater parental choice as their models. Schools outside local authority control, such as academies, would act as a goad and a spur to improvement. They would utilise their freedoms to pioneer new ways of doing things. They would also provide parents with a new choice: to take children out of failing schools and place them in more successful ones.

Helen Jones (Warrington, North) (Lab): Will the hon. Gentleman give way?

Michael Gove: That choice would mean new competition within the public sector, which would drive up standards. Will the hon. Lady say whether she still cleaves to that vision—the vision on which Tony Blair was elected in 2005?

Helen Jones: The hon. Gentleman talks about parental choice, but what he would say to the Conservatives in Warrington, who, along with the Liberal Democrats, are closing Woolston high school, contrary to parents' wishes, while refusing to conduct a review of other schools in the borough? What is his message to his friends who are closing a vastly improved school, contrary to the wishes of people in the area?

Michael Gove: My message to them is that I sympathise with them, because of the surplus places rule and the funding arrangements, both of which were put in place by the Government. If they campaign on Conservative proposals for greater choice and control, they will have a Conservative MP in Warrington, as part of a Conservative Government delivering for parents. There is powerful evidence—

Tom Levitt *rose—*

Michael Gove: I see that the hon. Gentleman is attempting to slip out of the doghouse.

Tom Levitt: I am grateful to the hon. Gentleman, who is delivering his speech with his customary wit and charm—well worth the £1,000 a week that *The Times* pays him for pontificating on its pages. If he were to come to Chapel-en-le-Frith in my constituency, he would see a new high school and a new infant school, both of which have been built to replace schools that the previous Tory Government did not replace, even though they were completely derelict. Those schools were built as part of a plan to address the capital replacement needs of schools—a plan that his party has abandoned this week. Is that not completely irresponsible and reckless of him?

Michael Gove: I will tell the hon. Gentleman what is completely irresponsible and reckless: making an intervention without studying the facts. I am afraid that he is completely wrong in his idea that we would abandon the building schools for the future programme. He must insist that the Government Whips Office supplies him with better questions. I like the hon. Gentleman and I enjoy his interventions, but quality needs to rise. I would like to see greater competition from his colleagues, so that he can feel involved and give us better interventions, and we can all benefit.

There is already powerful evidence that choice and competition work. In Hackney, the presence of new academies, such as Mossbourne community academy, which my right hon. Friend the Member for Witney (Mr. Cameron) and I were privileged to visit yesterday, has driven up standards, not just for those who attend them, but for all schools. In Sweden, where a more thoroughgoing process of opening up the supply side has taken place, there is a direct correlation between the number of new independent schools in the state sector in a municipality and improvement in standards overall.

Reform brings results. But the question everyone is asking is: does the Secretary of State believe in real reform? There are several reasons why we fear that he does not. The first is the Secretary of State's complete failure so far to make the case that choice, competition and contestability drive up standards. Professor Julian Le Grand, the then Prime Minister's senior policy adviser between 2003 and 2005, has written thousands of eloquent words making the case for choice. The preface to the 2005 education White Paper made the case. The co-ordinator of the 2005 general election victory, the right hon. Member for Darlington (Mr. Milburn), has made the case. He said:

"As a parent I don't want power in the hands of either councils or schools...I want it in my hands. This is the new political agenda."

The idea of extending choice to individuals in how they receive public services is more than consumerism. As the right hon. Gentleman said, there is

"a compelling social justice case for doing so. For too long those who can afford it have been able to buy choice over health and education. Those without, do without...State control has not guaranteed equality of outcome...School choice programmes in Sweden, Denmark and the USA...show a beneficial impact on performance across schools as a whole."

I agree with the right hon. Gentleman's every word, but words such as those have not yet crossed the Secretary of State's lips. Unlike the right hon. Member for Darlington, he has not had the courage to take on the reactionaries in his party, the unions and the establishment, and make the liberal, modernising case. Today he can. We look forward to hearing it. If he fails to make that case, we and the world will draw the appropriate conclusion—that he lacks the bottle to fight for reform.

A bigger problem than the Secretary of State's failure to make the case for choice, contestability and competition is the way in which his actions have spoken louder than his words, and the way in which he has diluted essential elements of the academy programme. This brings me to the second test that he is failing. He must ensure that academies are free from bureaucracy so that they can perform the functions that they were designed to achieve.

Mr. Graham Stuart (Beverley and Holderness) (Con): I do not like to disagree with my hon. Friend on the Front Bench, but I wonder whether he is being too kind in saying that the Secretary of State lacks the bottle for reform. Looking back over the 10 years of this Labour Government, was it not the Secretary of State's master, the current Prime Minister, who at every stage opposed the reforms of the previous Prime Minister and prevented the excellence from spreading much more widely?

Michael Gove: I am grateful to my hon. Friend; he makes a powerful case. We happy licence fee payers who were fortunate enough to watch "The Blair Years" on Sunday evening will have seen witness after witness testifying to the way in which the then Chancellor and his aides, supporters and advisers were thwarting the Blairite reform agenda at every turn. But my mum taught me in Sunday school that there is more joy in heaven over one sinner that repenteth, and I believe that, even at this late hour, there is an opportunity for the Secretary of State to embrace the reform agenda. He is intelligent enough to follow the logic; I hope that he is honest enough to recognise that now is the time for real change.

Tony Baldry (Banbury) (Con) *rose—*

Mr. David Chaytor (Bury, North) (Lab) *rose—*

Michael Gove: I will not give way at this stage.

I want to elucidate one of the areas in which the Secretary of State has so far failed the test. His first act as Secretary of State was to limit the freedom of academies. Under him, academies were stripped of the right to shape their own curriculum and compelled to follow the national curriculum. They were also told that they would have to fall in line with local authority control. Rather than acting as a competitive force outside town hall control and levering up standards, they were to fall under the sway of bureaucrats.

We have already seen how Labour local authorities have succeeded in thwarting new academies in areas where educational provision is weak and the system desperately needs new providers. In Tower Hamlets, where Goldman Sachs wanted to set up an academy, the local authority said, "No, we don't need no competition", even though the standards there are so poor that almost half the secondary schools fail to get 30 per cent. of their pupils to the level of five good GCSE passes, including in maths and English.

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In Hull, another area of educational weakness where more than half the schools fail to reach the acceptable level of 30 per cent. good GCSE grades, another academy sponsor was prevented from establishing a new school by Labour local bureaucracy. These local authorities are emboldened by the Secretary of State's words to resist new entrants and competition. They could make it easier for new suppliers to give brilliant schooling to the disadvantaged, but the Secretary of State's words, and his party, have made that harder.

Mr. Chaytor: I am looking carefully at the Opposition's motion, and I do not understand why the hon. Gentleman thinks that only academies should have the freedom to innovate in the national curriculum. Why should not local authority schools, and all other schools, have that freedom?

Michael Gove: I am grateful to the hon. Gentleman for making a constructive intervention. We want more freedom for schools. This week, we have been talking about greater freedoms. The key point is that, by applying competitive pressure outside local authority control, academies in Hackney have succeeded in driving up standards. That is what we want to see elsewhere, but there has been no evidence that the Secretary of State has grasped that agenda or that he has made the case for it in the way that his predecessors or the previous Prime Minister did.

Mr. Laws: Will the hon. Gentleman give way?

Michael Gove: Not at this stage.

To follow on from the intervention by the hon. Member for Bury, North (Mr. Chaytor), the people who designed the academy programme knew that the whole point was that they should operate at a distance from local authorities in order to provide a competitive spur. Dan Corry, the former special adviser at the then Department for Education and Skills, has told us—

Mr. Chaytor: Will the hon. Gentleman give way?

Michael Gove: Not at this stage. I think that this evidence will interest the hon. Gentleman. Dan Corry, who used to advise his near neighbour, the right hon. Member for Bolton, West (Ruth Kelly), said:

"Blair and Adonis had an innate belief that local authorities were at the root of all problems. Blair and Adonis wanted autonomous schools everywhere. Neither wanted local authorities to have any real control".

Lord Adonis might subsequently have been—

The Secretary of State for Children, Schools and Families (Ed Balls): Will the hon. Gentleman give way?

Michael Gove: Not yet. I was talking about Lord Adonis, and I know why the Secretary of State wants to intervene at this point.

Lord Adonis might subsequently have been taken to the Admiral Lord West memorial cell in the Downing street Lubyanka and forced to recant under pressure. He might even now be wandering the corridors of the upper House saying, "I love big Gordon", but he cannot run away from the record, even though the Secretary of State is now distancing himself from reform. Would the Secretary of State care to make his intervention now?

Ed Balls: If possible, let me inject rather more substance into the debate. Yesterday morning, the hon. Gentleman told the "Today" programme that academies would be exempt from the national curriculum: he then went on Channel 4 news at lunchtime and said:

"It's clear that any school which is set up is going to have to follow the core aspects of the curriculum that binds all schools".

Can he explain the contradiction between those two statements?

Michael Gove: Yes, as there is absolutely no contradiction. As the Secretary of State should know, there is a difference between the national curriculum that binds states schools and the curriculum requirements that independent schools have to follow. Under our proposals, academies would have the freedom that independent schools have.

Ed Balls *rose—*

Michael Gove: I think that I have answered the right hon. Gentleman's question—*[Interruption.]* Oh, very well, I am delighted to give way again.

Ed Balls: Can he tell us the curriculum requirements for science that apply to independent state schools?

Michael Gove: The curriculum requirements of independent state schools and academies have been made more restrictive by the Secretary of State, as he knows.

Ed Balls *rose—*

Tony Baldry *rose—*

Michael Gove: I give way to my hon. Friend the Member for Banbury (Tony Baldry).

Tony Baldry: Is it not all about competence? How can our constituents have any confidence in the Government's ability to deliver the educational change that the country needs when they cannot even deliver a letter?

Michael Gove: I am grateful to my hon. Friend for making that point: he is absolutely right. One of the core aspects of competence is unity in government, but there is a clear division between the Secretary of State's position and that of Lord Adonis, as recorded by the Secretary of State's special adviser and academy sponsors. Let us listen to what those who are actually delivering change say. Jennifer Moses of ARK, an academy sponsor, says:

"Rather than forcing academies back into the local authority family, we should be extending their freedoms to more schools".

She agrees with the hon. Member for Bury, North (Mr. Chaytor) and with me, but not with the Secretary of State. And who has been most delighted at the retreat? It is those in the union movement, who never wanted academies to have freedom in the first place. Steve Sinnott of the National Union of Teachers says:

"I welcome Ed Balls' statement giving local authorities a greater say in the planning of academies. This is a direction of travel of which I thoroughly approve."

So there we have the Secretary of State—praised by the producer interests; disappointing the providers of academies; siding with the existing establishment; making life more difficult for those who want to help the most disadvantaged; U-turning from the position once held by his Government and still held by his junior Minister; and retreating from reform.

Ed Balls: I apologise to the hon. Gentleman for diverting him from his text, but on the particular issue of the curriculum of independent schools, I have before me the regulations that apply to independent schools. They say that schools should draw up

"a written policy on the curriculum",

which would give pupils experience in

"linguistic, mathematical, scientific, technological, human and social, physical and aesthetic... education".

All they have to do is draw up a curriculum, but the hon. Gentleman suggested on "Channel 4 News" that the curriculum would stop the teaching of creationism in schools, so he must have been talking about the national curriculum. It is the national curriculum that will stop the teaching of creationism, not the independent curriculum rules. If he is saying that the rules will apply to all schools, why will they not apply to academies?

Michael Gove: I was looking forward to the Secretary of State's intervention and hoped that it might be illuminating, but he is going down a curious alley—and a blind one at that. The Secretary of State and I both agree that the teaching of creationism should not be part of science teaching, and we also agree that there is a distinction between the national curriculum as it applies to state schools and the curriculum that applies to independent schools. We want to give academies the same freedom that independent schools have—one of those clear dividing lines of which the Secretary of State is fond. If the Secretary of State wanted to argue for restricting academy freedom, we would be interested; if he wanted to argue for extending academy freedom, we would be delighted; if he wanted to argue in favour of creationism, I would be fascinated; and if he wanted to join us in saying that religious fundamentalism should play no part in the school curriculum, I would be overjoyed. However, the Secretary of State is attempting to make a distinction without a difference.

The Minister for Schools and Learners (Jim Knight) *rose—*

Mr. Chaytor *rose—*

Michael Gove: I am keen to make progress by listing another aspect of Government retreat.

I want to refer to another bureaucratic change, apparently small in scale, which provides telling evidence of what is happening at the Department for Children, Schools and Families. The Department's decision to place the academies programme within the ambit of the building schools for the future programme has meant that all new academies are now managed by the partnership for schools quango. Thanks to this Government's change, the construction of all new academies and the building of extensions to existing academies are managed by a centralised bureaucracy.

Far from academies introducing welcome diversity, every new academy has its design, building, layout and even its project management dictated from the centre. Academy sponsors are not allowed to specify any aspect of design or choose the project managers for construction. They are not even allowed to meet the project managers and are permitted only the most limited role during construction. They put up the cash, bear the risk and want to help, but are treated like conscripts.

That policy is already having malign and perverse effects. Among the many virtues of Mossbourne academy in Hackney, which I visited yesterday with my right hon. Friend the Leader of the Opposition, is the fact that it is a Richard Rogers partnership building—an exceptionally handsome architectural landmark. Mossbourne wants to expand: it has been so successful that it needs to establish a sixth form and build an extension. However, it cannot ask the Richard Rogers partnership to build the extension because it is not on the building schools for the future programme approved list, so it is denied the chance to get the same visionary architect to construct a visionary addition to a visionary building because of the Department's blinkered bureaucracy.

Can you imagine, Mr. Speaker, if, when they were building St. Paul's, Christopher Wren had been told by the "building cathedrals for the future" bureaucrat that he could not do that dome after all, because he was not on the Department's list of state-approved builders? Of course, Sir Christopher Wren placed his own inscription there: "if you require my monument, look around you". If people look at academies in the future and see that something visionary has been obscured and messed up by something wholly inappropriate and bureaucratically foolish stuck on later, perhaps they will say that if we want a monument to Ed Balls, there it is!

Mr. Siôn Simon (Birmingham, Erdington) (Lab): Surely the hon. Gentleman understands perfectly well that in the future people will look around them and see hundreds and hundreds of brand-new schools built by a Labour Government, which had previously been left to rot for generations by the Tories—*[Interruption.]* Fourteen Etonians!

Michael Gove: I am grateful to the hon. Gentleman for that vigorous intervention—and also for drawing attention to the lack of Etonians on the Front Bench. The hon. Gentleman is an old friend of mine and a man of prodigious talent. It is a great pity that someone of his formidable intellect is putting it at the service of class war. He will, I know, receive his reward from the Government in due course, but he does not need to assert his prolier-than-thou credentials in order to win his place on the Front Bench.

Mr. Chaytor: Let us return to the question of academies. Will the hon. Gentleman remind us how many of them are currently in operation? How many years have they been in operation and what miraculous assumption leads him to believe that we have the evidence to justify the massive expansion of academies that he suggests?

Michael Gove: The success of academies, which are overwhelmingly popular with parents in their communities, in driving up standards and in transforming the educational environment in areas such as Hackney, seems to me—and

[Michael Gove]

perhaps to the Secretary of State, given some of his comments—to provide arguments for their continuation. I am interested in hearing more from the Secretary of State about what he thinks of academies. We all know that I support them. What we are worried about is whether the Secretary of State supports them in name only and whether he has the intellectual courage to make the case for choice and contestability.

Miss Julie Kirkbride (Bromsgrove) (Con): My hon. Friend has a prodigious memory, and he might like to draw the attention of the hon. Member for Bury, North (Mr. Chaytor) to the fact that academies developed from an earlier prototype of city technology colleges, which were pioneered by the previous Conservative Government.

Michael Gove: I am grateful to my hon. Friend for making that excellent point. It was indeed city technology colleges that acted as a template for the academy programme. I am sure that the hon. Member for Bury, North, who, like me, believes in social justice, would be interested to know that city technology colleges, which have a comprehensive intake, actually have better GCSE results than independent schools—a point that we are proud of and that I hope the Secretary of State will embrace in his speech.

As I said at the beginning of my speech, I hope that the Secretary of State takes this opportunity to repent. It would not quite be a deathbed conversion—he is not quite there yet—but it might help him recover from the difficult position that he is in. He has grave difficulties convincing anyone that he is a real reformer. As I have mentioned, only this week we heard on the BBC how the Secretary of State has been an enemy of reform, for years inciting rebellion against former Prime Minister Tony Blair's education reforms. Last week, I referred to the right hon. Gentleman as the Kim Philby of this Government, outwardly a member of the establishment while all the time secretly working for the Stalinists. I am afraid, however, that my Soviet history was awry. I now realise that he was actually more like one of those grey men from the Kremlin who led the plot against Gorbachev. He launched an abortive coup against a halfway sincere reformist only to end up making himself and his cronies look foolish, and leaving the country desperate for real change at the top.

Rob Marris (Wolverhampton, South-West) (Lab): The hon. Gentleman is being generous in giving way, but may I get him off the personal attacks and on to the substance of the debate? For competition and choice to work, there must be surplus places, otherwise that is rationing. How many surplus places would a Conservative Government be prepared to pay for?

Michael Gove: Lord Adonis yesterday attempted on the radio to argue that the surplus places rule did not exist under this Government, but that runs directly contrary to the evidence. The Government have said in their guidance circular that—*[Interruption.]* He asked about surplus places, and I am responding. The Government guidance states that surplus places returns help them

"monitor whether local authorities are taking action to reduce"

the numbers. The question that the Government must answer is whether a surplus places rule applies? Lord Adonis yesterday on Radio 4 said no, but the Government's guidance, policed by the Audit Commission, says that 10 per cent. of surplus places is the absolute limit.

Our view is that we should allow the development of between 20,000 and 30,000 new school places every year in order to ensure that we can provide an expansion in a new academies programme. The arguments are laid out in our green paper on education, "Raising the Bar, closing the gap". It is do with providing opportunity for all, and I recommend it to the hon. Gentleman and look forward to hearing more discussion of it.

Bob Spink (Castle Point) (Con): Would my hon. Friend's policy therefore be to stop the county councils that are planning to close excellent secondary schools, such as one in my constituency on Canvey Island, from doing so? Would he have them put such plans on ice until we see what the effect will be of, for example, extending compulsory education to 18?

Michael Gove: My hon. Friend characteristically makes two good points. We are clear that we should get rid of the surplus places rule and that new entrants to the state education system will provide a goad and a spur to existing local authority schools to improve. Whether in Essex or, as we have seen, in Hackney, new schools entering the system force the existing local authority schools to raise their game and improve their act. That is a virtuous competitive circle, which we would like to be extended, in line with the best Conservative principles, across the country.

Jim Knight: I am most grateful to the hon. Gentleman for giving way: it shows uncharacteristic politeness. Let me explain the situation: schools can be started up in areas with surplus places, but there is a built-in motivation for the local authority to close underperforming schools in exchange, so that there is a net relationship between the two that conforms to the surplus places rule. What is important is that we motivate local authorities to close underperforming schools, unlike the Conservative party's proposals.

Michael Gove: I am grateful to the hon. Gentleman for his elucidation of the existence of a surplus places rule, in contrast with what we were told yesterday on Radio 4 by Lord Adonis—I am grateful that the hon. Gentleman has overruled his junior colleague in the House of Lords. Our point is that we want those new entrants that the Government have not allowed to come into the state sector to drive up standards all round. We do not want to see schools close; we want to see schools improve. We do not want the zero-sum game of statist control that we have had in the past 10 years; we want diversity of provision. We want reform, choice and competition to drive up standards.

John Bercow (Buckingham) (Con): Will my hon. Friend give way?

Mr. John Redwood (Wokingham) (Con): Will my hon. Friend give way?

Michael Gove: I will be delighted to give way: I shall do so first to my hon. Friend the Member for Buckingham (John Bercow).

John Bercow: Given that local authorities are virtually omnipotent as the bodies that assess and decide on, and pay for and provide, services to children with special educational needs, does my hon. Friend agree with me and, rather more importantly, with the Education and Skills Committee that the time has come for the link between assessment and the funding of provision to be broken?

Michael Gove: The hon. Gentleman—my hon. Friend in fact, and a very good friend, too—makes a characteristically good and well judged point. *[Interruption.]* No, I am not surprised; I am delighted about that. His point is in line with the recommendations of Sir Robert Balchin's special educational needs commission, and it would be interesting to know whether the Secretary of State agrees with it. I absolutely agree with my hon. Friend, and I look forward to agreeing also with another wise eminence on the Conservative Back Benches, my right hon. Friend the Member for Wokingham (Mr. Redwood).

Mr. Redwood: Does my hon. Friend agree that the people involved in a school are much more important even than its buildings, and that some of the best schools have old or tatty buildings? Is not the failure of this Government's strategy that they have no way of changing the leadership in underperforming schools and they have allowed too many such schools to exist for too long?

Michael Gove: My right hon. Friend makes an important point: among the most important qualities in schools are leadership, motivation and personnel. One of the great virtues of academies is that their leaders—such as Sir Michael Wilshaw at Mossbourne—have the freedom to pay more than the national minimum and to reward good staff with bonuses. They also have the opportunity to recruit and retain the best, and, if necessary, to deal with any weaker teachers. I am sorry to have to say that some of the teaching unions oppose that degree of freedom, but we believe that it is concomitant with the greater freedom in the academy system and that it is necessary to drive up standards, which is our aim.

Unfortunately, there has been a pattern under this Government: instead of change and dynamism, there has been timidity, retreat, paralysis and bureaucracy. We would remove barriers to the creation of new schools.

Mr. Simon: Will the hon. Gentleman give way?

Michael Gove: Not yet. We would ensure that money followed the pupil and, crucially, that pupils from the most disadvantaged homes got more money for their schooling—a progressive policy that I think the Liberal Democrats share, but the Government reject. We would demand high standards, ensuring that every child who can do so is reading after their first two years in primary school, because having learnt to read, they can read to learn. We would restore discipline to our schools, shifting the balance of power in the classroom back in favour of the teacher.

Several hon. Members *rose—*

Michael Gove: No, I will not give way.

We would then liberate innovative professionals to deliver inspirational teaching. On the Labour Benches, there is an agenda of stasis, centralism and state control. On the Opposition Benches, there is an agenda of change, optimism and hope, which is making the defeat of ignorance its central mission.

I invite the Secretary of State to break free from the tight Treasury embrace that has constricted his free thinking over the past 10 years, and to embrace reform and prove himself to be a moderniser.

1.8 pm

The Secretary of State for Children, Schools and Families (Ed Balls): I beg to move, To leave out from 'House' to the end of the Question, and to add instead thereof:

'notes that investment and reform in schools since 1997 has raised standards and cut the number of underperforming schools, with 100,000 more 11 year olds reaching the required level of literacy than 10 years ago and the number of schools where less than a quarter of pupils achieve five good GCSEs cut from 616 in 1997 to just 26 today; further notes that 83 Academies have already opened, with 230 to be opened by 2010, with more to come as the Government accelerates its successful Academies programme; confirms that over 30 schools became Trust schools in September with over 170 more in the pipeline; welcomes the Government's Building Schools for the Future programme which will rebuild or refurbish every secondary school in the country; and supports further reforms to extend educational opportunity for all and not just some, including the introduction of Diplomas and, alongside an expansion of apprenticeships and enhanced support for 16 and 17 year olds through the Education Maintenance Allowance, raising the education and training age to 18 by 2015.'.

It is a great pleasure to have the opportunity to debate once again with the hon. Member for Surrey Heath (Michael Gove). In respect of any failure to pursue school reforms, I hope that we can achieve some clarity about what the Government are actually saying and, perhaps even more hopefully and after all the contradictions in the hon. Gentleman's policy over the past few days, that we can get some clarity about the Opposition education policy. I have to say that we got very little clarity on that from his performance. We once again had the usual bluster and flourish. It was a nice speech; it was well written, and the hon. Gentleman read it rather well, too—and I can honestly say that we have been impressed by how much he is impressed by himself. Unfortunately, although the speech was strong on style, it was hopelessly weak on content and policy.

The debate is billed as being about the failure of the Government to pursue school reform but, as has been said, the Opposition motion focuses on just 83 of the 22,500 schools in England today. I am happy to have our approach to academies scrutinised. I fear that by the end of the debate it will be the hon. Gentleman's so-called new academies policy that will need to be scrutinised, because the real revelation of this debate will be that he cannot answer key questions on his own policy. I will show that at best he is simply copying what we are doing and that at worst he is not only confused but putting forward risky proposals. Conservative Members would do well to study the details of the proposals that he has announced this

[Ed Balls]

week. I will show that when they do so, they will see what the proposals mean for their constituencies. I fear that as this debate goes on, it may come as a bit of a surprise.

Mr. Andrew Robathan (Blaby) (Con): I would like to talk about the details in my constituency. Last week, the Secretary of State said categorically—this is in *Hansard*—that Leicestershire was the 34th best-funded education authority in the country. In fact, it ranks 149th this year, and will do so next year, in 2009 and in 2010. Will he apologise to the people of my constituency and Leicestershire for misleading them last week?

Ed Balls: Of course I will not, because I did not mislead the House last week. I have looked at *Hansard*, and I said clearly that although I accept that Leicestershire has a lower spending level per pupil than other areas, it will have the 34th largest increase in spending in the next three years. It was in our statement to the House, and it is clearly shown in *Hansard*. The thing that surprises me about today's motion is that it does not mention any of the reforms that we have been putting in place over the past 10 years. It does not mention numeracy and literacy; more teachers; more than 1,000 new schools; new disciplinary powers for head teachers; or the fact that more than 85 per cent. of schools are now called specialist schools. It does not point out that over the past 10 years we have delivered rising standards year on year or that we have reduced the number of schools not getting a quarter of their pupils to the standard of five good GCSEs from 616 at the end of the Conservative Government in 1997 to just 26 today.

Philip Davies (Shipley) (Con) *rose—*

Ed Balls: I will give way in a second.

We know that there is more to do to reach a world-class level, but, again, the motion does not refer to any of the processes that we have set in place in recent months to take forward our next stage of reform. It does not refer to the Every Child a Reader programme and our plans to spread phonics across the country. It does not refer to our one-to-one learning in primary and secondary schools, to our new independent standards regulator, to our 30 new trust schools, to our building schools for the future programme, to our new powers and obligations on local authorities to intervene to tackle failing schools, or to our children's plan proposals to strengthen links between schools, parents and children's services—again, that got no mention in the speech by the hon. Member for Surrey Heath.

Mr. Laws: The Secretary of State is yet to give a convincing explanation for his asking the delivery unit in 10 Downing street to look into the academies programme. Will he tell us which academies the delivery unit is examining, and whether Lord Adonis was present at the seminar on 1 November?

Ed Balls: I will come to academies in a moment. Like the hon. Member for Surrey Heath, I will answer all the detailed points that are raised in the debate.

The truth is that while the Opposition criticise our reforms, they are either stealing our clothes or putting forward risky proposals. The Opposition say that we need to implement synthetic phonics, but we are implementing the Rose review and the systematic teaching of phonics is now compulsory across the country—it is already being inspected by Ofsted. The same is true on the confiscation of mobile phones, because on Monday the hon. Gentleman announces that that is his policy, but it turns out that such powers exist for head teachers in the Education and Inspections Act 2006. To give him some latitude, he did make a new proposal to abolish appeals panels for excluded pupils. That would mean the abolition of appeals panels first introduced by the Conservatives in 1987 and, contrary to what he said on the Marr programme, the policy has been rejected by head teachers. The same is true of his plan to ask pupils to re-sit their final year at primary school and of the Conservatives' proposals to have compulsory externally marked tests at six. All those ideas are rejected by head teachers and parents.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): The Secretary of State talks about synthetic phonics. Why is the Every Child a Reader programme, which uses reading recovery as its reading programme, not a synthetic phonics programme, in line with the Rose recommendations?

Ed Balls: As the hon. Gentleman knows, it is for every school to decide, child by child, how they teach reading. We are implementing phonics and synthetic phonics across every school in the country by the Ofsted review. The Every Child a Reader programme is particularly tailored to the needs of every individual child. Of course phonics are being used in that programme and in every primary school across the country.

Mr. Gordon Marsden (Blackpool, South) (Lab): My right hon. Friend rightly listed a raft of things to which the Opposition motion does not refer. Is he surprised, like I am, by the fact that it does not refer to the collaboration and co-operation needed across local education authorities on the academies programme? The Government have implemented that by a process of incorporation in the national curriculum; the Conservatives propose to take it out.

Ed Balls: Of course that is the case. The majority of the first 30 trusts that have been put forward since September are collaborating between schools precisely to ensure that we focus on raising standards for all children and spread the excellent leadership in some schools to all schools. I do not apologise for saying that collaboration is an important part of our programme.

Rob Marris: Does my right hon. Friend agree that the motion demonstrates the lack of knowledge and the bankruptcy of Conservative policy on schools? The motion on the Order Paper is headed "Government policy on schools reform". Despite that, it does not contain a single word on the primary schools sector, which the majority of pupils in the state sector attend. That shows that the Conservatives know nothing about where our kids go to school.

Ed Balls: Of course my hon. Friend is right. We are implementing the policies that work. The new policies put forward by the hon. Member for Surrey Heath are increasingly rejected by head teachers, schools and parents alike.

Several hon. Members *rose—*

Ed Balls: I shall give way in a moment.

I find it impossible to understand the position of the hon. Member for Surrey Heath and the Leader of the Opposition on grammar schools and grammar streams. We were being told a few months ago that grammar streams would be introduced in every school in the country. It is unclear whether that has been dropped in favour of setting in every subject or in favour of our policy of encouraging setting in individual subjects.

What about grammar schools? Does the hon. Member for Surrey Heath agree with the hon. Member for Havant (Mr. Willetts)? He said that

"academic selection entrenches advantage and does not spread it".

Does he agree with the hon. Member for Henley (Mr. Johnson), who said that he wanted a return to "good old-fashioned academic selection"? Or does he agree with the Tory Buckinghamshire cabinet lead on education, Marion Clayton? When asked whether plans for a new grammar school in Aylesbury—it would be the first new grammar school for 50 years—would contradict Conservative policy, she told the local paper:

"I reject the idea that this goes against current Conservative policy."

It is certainly against this Government's policy and against the law, but is it against current Conservative policy?

On Sunday, the hon. Member for Surrey Heath told the Marr programme that plans for new grammar schools, such as those proposed by Conservative Buckinghamshire, are

"a matter for local authorities".

On the "Today" programme on Tuesday, when asked whether he would say no to any application for a grammar school, he replied, "Absolutely". What is his policy? Is it his Sunday or his Tuesday policy? Would he like to clarify it now? Would the Conservatives change the law to allow Buckinghamshire to set up a new grammar school? Is the answer yes or no? I would be happy to give way to him on that question—*[Interruption.]* Again, no clarity there then. We just saw the barely concealed reality, behind all the obfuscation, that large swathes of his party want him to reintroduce selection. At some point, he and his party leader will have to come off the fence on that issue.

Mr. Redwood: If the Secretary of State wishes to show substance, he should talk about the Government's policy rather than spend the whole time talking about Opposition policy—I know that he has no style. Will he tell the House why the Government do not trust parents to make choices in enough cases and why they do not trust schools to decide how to teach?

Ed Balls: Let me turn to academies and the exact issue that the right hon. Gentleman raises. At last, we are dealing with a school reform that is mentioned in the motion.

Academies are central to our reforms to promote excellence for all and not just the few. The ability to replace a weak or seriously underperforming school with a new school that has new leadership and a new ethos is a crucial part of local strategies to tackle failing schools. So far, the evidence from our first 83 academies—evidence we are testing further with the Prime Minister's delivery unit across the whole programme—is that academies are delivering faster than average improvements in results in areas and, crucially, with intakes that are disproportionately disadvantaged.

In the motion and in his speech, the hon. Member for Surrey Heath says that we are retreating on academies. I know that he wishes we were, but in fact we are accelerating our programme and removing barriers so that, for example, more universities will find it easier to sponsor academies. Our target was 200 academies by 2010, on the road to 400, but last week my hon. Friend the Minister for Schools and Learners announced that we are now planning for 230 academies by 2010.

So far, 12 universities have expressed interest in the programme and I can make two announcements today. Three further universities—King's college, London, Bolton and Gloucestershire—are announcing today that they will engage with the academies programme. Secondly, I have today given the go-ahead for three new academies: the Nottingham university Samworth academy and academies in Croydon and Cheltenham. They will all replace underperforming schools. The hon. Gentleman's charge that we are backsliding on academies is wrong.

Mr. Laws: Given the Secretary of State's warm words about academies, why has he still not explained his reason for asking the No. 10 delivery unit to look into the policy, which suggests he has some concerns about it? Furthermore, he has still not answered the question about whether Lord Adonis was present at the seminar on 1 November.

Ed Balls: The answer is exactly the same as the one I gave last week when the hon. Gentleman asked me exactly the same question. When there are large spending programmes it is perfectly normal for the Treasury, the PMD unit and Departments to look at the detail of individual elements to make sure that they work as well as we want in delivering value for money. We are doing that with the academies programme, just as we would with any other programme, and I make no apology whatever for that. Of course, I have had discussions with Lord Adonis and the delivery unit to make sure that the programme continues to deliver what we want—it is doing so. The idea that I should apologise for ensuring that there is proper scrutiny and we get value for money is completely absurd.

Mr. Stewart Jackson (Peterborough) (Con): I listened carefully to the Secretary of State's reply to the hon. Member for Yeovil (Mr. Laws), but is not the truth that the decision to hold a review is political? It is more about compromising the future of academies, including the largest one in England, Thomas Deacon academy in my constituency, while capitulating to the bovine instincts of Labour Back Benchers and the teaching unions.

Ed Balls: Of course it is not. That is a completely absurd intervention. It is in the normal pattern of Government to scrutinise spending effectively, which is what I am doing. Furthermore, I am announcing new academies and accelerating the programme. Saying things over and over again does not make them true, and the hon. Member for Surrey Heath should wake up to that fact—we are accelerating the programme, not slowing it down.

Michael Gove: It is always lovely to hear from the Secretary of State that saying things over and over again does not make them true. It is a lesson I hope he will take to heart. However, the key point is that there is one thing he has not said at all—never mind over and over again—which is that academies, as new providers, give choice, competition and contestability. That is what drives up standards, so will he take the opportunity we have given him today to affirm that that is the case and that he agrees with what the right hon. Member for Darlington (Mr. Milburn) and others have argued?

Ed Balls: I fear that the hon. Gentleman cannot have been listening to my speech. I said that where schools are underperforming or failing we are bringing in new leadership, new choice and a new ethos, thereby allowing parents a new choice about the school their children attend. That is exactly what we are about. I pointed out that more than 85 per cent. of schools are specialist, thus providing parents with choice.

Angela Watkinson (Upminster) (Con): Will the Secretary of State give way?

Ed Balls: No.

The hon. Member for Surrey Heath said that we were wrong to require academies to follow the national curriculum in the core subjects of English, maths, science and IT. Yet again however, as we heard earlier in relation to grammar schools, the hon. Gentleman cannot answer the difficult questions. He cannot explain the contradictions in what he says not just from one day to the next, but from one interview to the next on the same day.

Mr. Graham Stuart: Will the Secretary of State give way?

Ed Balls: No.

The hon. Member for Surrey Heath told the "Today" programme that academies should be exempt from the national curriculum. That was in the morning. Later, on Channel 4 news, he was asked about creationism. He said:

> "It's clear that any school which is set up is going to have to follow the core aspects of the curriculum that bind all schools."

There is nothing at all in the independent schools guidance that binds schools on the teaching of science or creationism. The only way—

Michael Gove: Will the right hon. Gentleman give way?

Ed Balls: No.

Michael Gove: Why not?

Ed Balls: Because I want to explain my point.

In respect of science, the only way that state schools are bound is through the national curriculum, so on Channel 4 news at lunchtime when the hon. Gentleman said "any school", was he including academies? My answer would be yes, but what is his answer? Does he include academies in the requirement to teach the national curriculum on science? Yes or no?

Michael Gove: Will the Secretary of State tell us how many independent schools teach creationism?

Ed Balls: In these debates, we should try to get to the substance and have some discussion of policy—*[Interruption.]* The point is that I have made it a requirement that academies follow maths, science and IT, because I believe it is the right thing for them to do. To deal in part with the creationism point, I am making it clear that academies will follow the science curriculum. That is what the hon. Gentleman said on Channel 4 news yesterday, yet when I ask him whether he agrees with what he said yesterday, he cannot answer. If he was not referring to the national curriculum, what does he mean? He says that the national curriculum would bind all schools—*[Interruption.]* I will read the quotation again. The hon. Gentleman said:

> "It's clear that any school which is set up is going to have to follow the core aspects of the curriculum that bind all schools."

What does he mean by that if he is not referring to the national curriculum? He cannot be referring to the independent schools guidance, because it includes nothing at all on the content of science. He must have been referring to the national curriculum, but that contradicts what he said in the morning. I keep asking the question, but as with almost everything else, he cannot give me an answer.

Yesterday, we found out what the hon. Gentleman's real plan is. He proposes to create 220,000 additional secondary school places in what he calls "new" academies. He tries to claim that those new academies are different because they can be set up by parents, but where parents want to set up schools we have already supported them in doing so. The first parent-promoted school was opened in Lambeth in September, with our support. What is different about the hon. Gentleman's proposal—as was made clear in his speech—is that the commissioning role of local government will be abolished. So yes, there is a difference of view between us and him on that issue.

The Government believe there is a vital role for local government in driving change in local areas and turning round or replacing weak or underperforming schools. That is the commissioning role we set out in the 2006 legislation for which the Conservatives voted. That legislation gives local government a duty to raise standards in all schools and act as commissioner for education in their area, to be held to account for the performance of schools in their area and to use all the levers at their disposal, including trusts and academies, to tackle poor performance.

The hon. Gentleman disagrees with local authorities having that role. He says that he will liberate academies from local authorities, and that I am neutering the programme by working with local government to

tackle weak and underperforming schools. So far, 79 local authorities are working with us on academies, and more are coming forward week by week—but in his view, those are 79 local authorities that are holding back the programme. Nine local authorities are going further still: they are not just working with us but have agreed to co-sponsor academies—or in the hon. Gentleman's view, they are really strangling the programme.

I shall read the hon. Gentleman the list of culprits: Manchester city council, Labour; Sunderland city council, Labour; the Corporation of London, Independent; Cheshire county council, Conservative; Coventry city council, Conservative; Kensington and Chelsea, Conservative; Kent, Conservative; Telford and Wrekin, Conservative; and West Sussex, Conservative. Has he told those Conservative councils that they are strangling the academies programme? Has he told them their support will no longer be required if the Tories are in power? Has he told them that rather than taking the lead in tackling weak or failing schools, they will have to wait for parents and livery companies in their area to come along and do the work for them? That is where we disagree.

I want parents to set up schools if they want to do so. I want parents to be able to choose, and I want diversity in the schools system. However, I also want a role for local government, and for it to be accountable for delivering change and tackling underperformance. I want it to do so quickly, rather than waiting while a school's rolls fall year by year, damaging the education of children. That is the dividing line between us: I think that local government should deliver and should be held to account on that delivery, while the hon. Member for Surrey Heath wants to walk away from that. He would allow the market to decide and have vouchers, rather than allowing local government to intervene.

Mr. Laws: I am grateful to the Secretary of State for his patience in agreeing to give way again. Does he agree that there is a danger that he might get the role of local authorities completely wrong—and that their role should be strategic oversight, and not necessarily to sponsor or co-sponsor each academy? That could cut against the entire purpose of the academies programme.

Ed Balls: I am sorry that there was not a Liberal Democrat council in the list of councils that sponsor an academy. *[Interruption.]* Maybe one will come along. The fact is that we have moved away from requiring local government to run all the schools. Local government now commissions schools and is responsible for key services. Local authorities are also responsible for the education of all children in their area, and accountable for intervening to tackle weak or underperforming schools. That is our policy—and the policy of the hon. Member for Surrey Heath would completely undermine it. He is proposing a policy that promotes excellence for a few and not excellence for all. In answer to the question asked by the hon. Member for Yeovil (Mr. Laws), I believe that for a local authority to sponsor an academy in a particularly difficult or failing school is exactly the right thing to do, and I wish that he would support me on that.

Tom Levitt: In an intervention I made earlier on the hon. Member for Surrey Heath, I suggested that to bring an element of anarchy into the school building programme was reckless and irresponsible. Did the Secretary of State notice that the hon. Gentleman did not choose to deny that?

Ed Balls: Let me turn to the school building programme, because that is where I think—

Several hon. Members *rose—*

Ed Balls: I have already taken many interventions. Let me turn to the point at which things will get particularly interesting for Opposition Members. The hon. Member for Surrey Heath has come forward with a proposal to create 220,000 new school places. To be fair to him, he has told us how he will pay for it. Yesterday he said in black and white in his policy document that the Conservatives would pay for it with a £4.5 billion cut from our building schools for the future programme, which will rebuild or refurbish every secondary school in England over the next 10 years. However, the Conservatives said that they would honour existing commitments under BSF. The impact on the new academies would therefore apply to those waves where commitments have not yet been made, which would be concentrated on the 76 local authority areas in BSF wave 7 onwards that are not yet engaged in BSF.

Mr. Gibb: *rose—*

Ed Balls: Let me give hon. Members the details, and then I shall take interventions. The policy would involve taking £4.5 billion out of BSF from 2008-09 onwards. That is a 15 per cent. cut in all future rebuilding projects. *[Interruption.]* If I set out the facts for hon. Members, they can then reflect on them.

More than one in seven secondary schools that hope to undertake rebuilding projects would find that those projects will not go ahead under the Conservative proposals. Two thirds of all secondary schools currently in those 76 authorities are hoping to have schools rebuilt. At the moment, all those new schools are under threat. The 76 local affected authorities would lose an average of £60 million each. The largest local authorities will lose more. That is the equivalent in each local authority area of an average of three complete secondary school rebuilds, which would not go ahead under the Conservative proposals.

There would be cuts in every area of England, including Oxfordshire and Surrey.

Mr. Gibb *rose—*

Ed Balls: I shall take interventions after I have listed the authorities that would be affected: Barnet, Bath and North East Somerset, Bexley, Bolton, Bracknell Forest, Brent, Brighton and Hove, Bromley, Buckinghamshire and Bury. Those 10 local authorities have 293 schools under threat—and that is only the Bs.

Have Conservative Front Benchers and the Leader of the Opposition checked their policy out with all the Conservative local authorities that will lose out because of those cuts? Were Opposition MPs informed? The

[Ed Balls]

new policy would mean that hundreds of schools—not only in Labour areas, but in Conservative shire counties across Britain—would lose new schools. I can make a full list of authorities available for Conservative Members to check. It will not make for comfortable reading. We can even let them have a draft press release, if that will help.

Ann Coffey (Stockport) (Lab): May I tell my right hon. Friend how pleased I was when he announced the consultation on the prioritisation of the future use of BSF money? At the moment, Stockport is in the last wave. May I tell him how appalled I am to learn that under the Conservative proposals, no money would be given to the local authority to rebuild the schools? We would return to the same situation as in 1996, when we received £1.3 million from the Conservative Government for all the capital spend for all the schools in Stockport.

Ed Balls: I can give my hon. Friend little assurance of what would happen if the Conservative proposals were implemented. Unfortunately, Stockport is among those 76 authorities. There are 13 schools in Stockport, and so two schools would not be rebuilt. Stockport has 16,000 pupils, and none would know where the axe would fall if the proposals were implemented.

Mr. Gibb: The Secretary of State is making some sharp political points that are unworthy of him. We are using the building schools for the future programme to build schools throughout the country, including in the boroughs that the Secretary of State and Labour Members have mentioned. How is using BSF to build schools a cut in the programme?

Ed Balls: It is easy to explain. The Conservative proposals would take money away from schools that need it to build surplus places in areas that do not need it. By stripping local authorities of their roles in commissioning, the proposals will also reduce the incentives for Conservative and Labour councils to tackle weak and failing schools. All those councils see academies as vital to improving education in their areas. That is why I am right.

Helen Jones: Can my right hon. Friend tell the House what effect the proposals would have in constituencies such as mine? In Warrington only two schools are so far carrying out projects under BSF. William Beamont high school, which is in a deprived area of my constituency, was not put into the first wave by the Conservatives and Liberal Democrats. What will happen to such schools in the future?

Ed Balls: I know what my hon. Friend is talking about, because my area is in one of those waves. I know how much work has been done by schools in our areas to get ready for the BSF spending when it comes. We have reassured people that it will come. It has now been put under a substantial threat.

In my hon. Friend's area, there are 12 schools and the proposals would mean that two would not be rebuilt. I can give her no assurances about which two schools those will be. Until the Conservative Front Benchers tell us, we will not know where the axe will fall. The threat will apply in 76 areas, represented by Labour, Conservative and Liberal MPs. It will mean an average £60 million cut in spending. I would like to reassure my hon. Friend—but other than recommending the election of a Labour Government, there is no reassurance that I can give her.

Barbara Keeley (Worsley) (Lab): Was my right hon. Friend as surprised as I was to hear the hon. Member for Surrey Heath say earlier that the best schools have old and tatty buildings? [HON. MEMBERS: "He didn't say that."] I wrote it down. I was responsible for education in Trafford, which is now Conservative Trafford again. That area had old and tatty buildings. Under the aspirations of the Conservative party, all the area can look forward to is to keeping its tatty old buildings.

Ed Balls: In too many of the areas involved, one in seven schools will still have old and tatty buildings if the Conservatives get their way. They will be postponing the investments that we are trying to put in place to refurbish or rebuild all secondary schools. As I have said, I would like to give my hon. Friend and other hon. Members more reassurance, but I am afraid that I cannot.

Andrew Gwynne (Denton and Reddish) (Lab): I represent a cross-border constituency, and the new schools being built in Tameside under building schools for the future are one of the developments of which I am most proud. In the case of the Stockport part of my constituency, I, like my hon. Friend the Member for Stockport (Ann Coffey), am outraged by the Conservative proposals. They would mean that Reddish Vale technology college in my constituency, which is crying out for a rebuild, will not see that work done. We do not need extra new schools. We need to rebuild the school that we have.

Ed Balls: I completely appreciate my hon. Friend's point.

Bill Wiggin (Leominster) (Con): Will the Secretary of State give way?

Ed Balls: Conservative Members are being rather quiet, but I am happy to take this intervention. I point out to the hon. Gentleman that there are currently 22 schools in Shropshire and therefore that six of them—and their 18,000 pupils—would not get the rebuilding or refurbishment that they are expecting. I advise him that new grammar schools in his constituency will not save him in that respect.

Bill Wiggin: I am grateful to the Secretary of State, but I must inform him that I represent part of Herefordshire, not Shropshire. When he has checked his notes, will he explain what is going on with the academy that has been proposed for my county? Why does Herefordshire get the third lowest funding per capita, and why do urban schools get almost twice as much as rural schools? Why is it so much cheaper to educate pupils in the countryside? We do not see why it should be.

Ed Balls: I apologise, Mr. Deputy Speaker, for misleading the House about the hon. Gentleman's constituency. I was badly advised about it. In fact, Herefordshire has only 14 secondary schools, which means that only four schools rather than six will not be rebuilt. Also, only 10,500 pupils in the county would find that they would not get the new school that they had been expecting.

The Conservative proposal is a direct resurrection of the pupil passport proposed in the 2005 election manifesto. It would deliberately encourage the building of additional new schools with no regard to weak or underperforming schools. It is a sop to the right that will take school reform backwards and not forwards.

Opposition is about more than just speeches and rhetoric: it is about policy, consistency and judgment. The latter is an attribute in which the hon. Member for Surrey Heath is rather weaker than he would like to believe. In the past three weeks, he has had three big calls to make. He has had to decide whether to back new diplomas and whether to support education to 18, and he has had to determine Conservative policy on academies and failing schools. In my judgment, he has put himself on the wrong side of the debate on each of those. He finds himself out of step with head teachers, parents, businesses, employers, universities and the interests of his own Back Benchers' constituents.

The hon. Member for Surrey Heath does not back reform; instead, he opposes it. He does not support excellence for all, but excellence for the few. I know that he does not like me saying so, but that is the Tory policy. I shall give him some advice: his job is about more than just writing something witty and hoping that it will be read, smiled at and forgotten the next day. He needs to raise his game when it comes to substance. His best ideas are just that—ideas. When he tries to put a new idea into practice, he has to perform a U-turn. It is his record on reform that is under threat, his credentials as a moderniser that are increasingly in doubt, and his judgment that is looking more suspect every day.

Only one party in this country will deliver school reform and drive up standards for all. Only one party will invest in new schools for all, and deliver excellence for all, not just for some. It is time for the hon. Member for Surrey Heath to go back to the drawing board.

1.43 pm

Mr. David Laws (Yeovil) (LD): This is an extremely timely debate, as Government policy on school reform, on public sector reform more generally and on the academies programme—especially given the investigation by the delivery unit—seems to be in flux.

Hilary Armstrong (North-West Durham) (Lab): Will the hon. Gentleman give way?

Mr. Laws: I will when I have had a chance to say more than one sentence.

The debate is also extremely important because of the politics involved and because of what it tells us about the future direction of the Government's education policy. Moreover, it deals with one of the most important elements of the domestic agenda: that is, how we help children in the country's most deprived areas. For many years—since long before 1997—they have been failed successively by their local schools. Even with the improvements in GCSE results over recent years, 50 per cent. of youngsters in something like a third of all secondary schools do not achieve five A* to C GCSEs even across the whole range of subjects, leaving aside maths and English.

Hilary Armstrong: The hon. Gentleman says that Government policy is in flux, but I am sure that many Liberal councillors will be surprised by his amendment, which would see every school become an academy—

Mr. Laws: What?

Hilary Armstrong: Will the hon. Gentleman have words with his friends in Durham city, where the county council has opened up an opportunity for everyone within the law to bid for an academy? Even before the council has even seen who is interested in doing so, it is leading a no campaign. The council does not want an academy in the city, even though most people are convinced that that would improve the opportunities for hundreds of children in the area.

Mr. Laws: That was long intervention, Mr. Deputy Speaker, and I hope that there are some arrangements that will allow me more than an extra minute to make up for it. Our amendment contains no proposal to replace every school in the country with an academy, but many Liberal Democrat authorities—Southwark, for example—embrace the academy programme. Academies have been set up in those areas, and it is probable that every secondary school in Southwark will become an academy.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Will the hon. Gentleman give way?

Mr. Laws: In a moment. The challenge that has to be met has to do with that minority of schools that have high levels of deprivation and have underperformed for years. Earlier today, I visited one such school in west London that will be familiar to Front Benchers on both sides of the House. Only a decade or so ago, 95 per cent. of pupils at the Phoenix school were leaving without having achieved five good GCSE qualifications. Disorder was rife, and the school had many poor-quality supply teachers. They were teaching so badly that a great many were eventually sent home, with the result that multiple classes were taught in the school hall. Even so, that represented an improvement in the quality of teaching.

To return to the point made by the right hon. Member for North-West Durham (Hilary Armstrong), I should point out that the Phoenix school is not an academy. It is a specialist school in the maintained sector, with a fantastic head teacher in William Atkinson. He has done a brilliant job in converting the school: if we had a few thousand like him to look after our failing schools, we would not need the academy programme and we would not be having this debate.

Angela Watkinson: Will the hon. Gentleman give way?

Mr. Laws: I want to make a bit more progress, and then I will give way to the hon. Member for Huddersfield (Mr. Sheerman).

However, we do not have thousands of William Atkinsons. Therefore, 10 years ago the Government rightly sought to bring additional individuals and entities into the education system to try to improve the quality of school governance and leadership, which we know to be vital. The Government also committed themselves to

[Mr. Laws]

improving the quality of school buildings, and in that they have succeeded brilliantly. Finally, they set out to allow schools to innovate, and it is the future of that programme that we are discussing today.

I give way to the Chairman of the Select Committee.

Mr. Sheerman: I am grateful to the hon. Gentleman, but I believe that he is falling into the trap of thinking that one club will sort out all our problems with education.

Mr. Laws: I am not.

Mr. Sheerman: The hon. Gentleman said that we would not need academies if we could clone head teachers, but many other factors apart from leadership contribute to a school's success. Leadership is important, but relying on that alone is a dangerous trap.

Mr. Laws: The hon. Gentleman has a great deal of experience in these matters, and he is right that other factors apart from school leadership are involved. However, getting the leadership right is the way to start getting all the other elements right, especially in failing schools. The academy programme has been useful in that it has brought into education better governance and more innovation. I am staggered that a Government who have supported that innovation should tell me in a parliamentary answer last month that, in respect of the freedoms enjoyed by academies" they had

"no plans to extend these freedoms more widely."—[*Official Report*, 15 October 2007; Vol. 464, c. 890W.]

I find that baffling, and will come back to the matter later.

I want to return to the earlier questions from the hon. Member for Surrey, Heath (Michael Gove), who asked whether we were right to debate this matter today, and whether there really was any uncertainty about Government policy in this area. The Secretary of State invited us to believe that the hon. Gentleman was starting an entirely bogus debate, and that there are no grounds for believing that policy has shifted since he took over his post in the new Government.

There is, however, quite a trail of evidence that the Secretary of State is approaching the issue differently. First, in his very important first statement to the House, he turned on its head what the previous Prime Minister had been saying about standards and structures. He went right back to saying that standards, rather than structures, were the focus, and when he said that, he knew very well that the Prime Minister's predecessor had said that he believed that structural reform was vital to getting standards right. So that was a deliberate signal, and some of the newspapers and some union leaders were briefed that there would be a change.

The Government then—I have raised this issue before with the Secretary of State—turned on its head a commitment in the last Labour party manifesto, which said that they wanted every school in the maintained sector to become independent. That is no longer the Government's position; that has been confirmed in a parliamentary written answer, despite what the Secretary of State has said. There we have a cast-iron and clear change in Government policy.

Ed Balls: I have made it absolutely clear that we have changed our policy on academies. We abolished the £2 million entry fee, to bring in more universities. We have required new academies to teach maths, science, English and IT under the national curriculum. I am bringing them into the mainstream, and I am also accelerating the academies programme. There is a clear difference between me and the hon. Member for Surrey Heath (Michael Gove): I think that having local authority support for academies is a good thing, which will help us to tackle underperformance across the country. Does the hon. Gentleman agree with what I am doing?

Mr. Laws: I certainly think, as I implied earlier, that there is a strategic role for local authorities, but that is not what the Secretary of State is promoting. The academies programme is still run from the desk of Lord Adonis in Westminster—bizarre, as his work load is getting larger and larger—and it will be impossible to manage 400 or 500 schools from there. Yes, there is a strategic role for local authorities, but the fear is that the Secretary of State is trying to have academies in name but not in substance. That is the issue about the role of local authorities.

Mr. Chaytor: Will the hon. Gentleman give way?

Mr. Laws: I will give way in a second.

I shall invite the Secretary of State in a second to respond to some specific points on that issue, but I ask him to understand that, when he deliberately overturns the previous Prime Minister's policy on structural reform, he cannot be surprised that people believe that something is going on; nor can he be surprised about that when he asks the delivery unit in No. 10 Downing street to consider the programme without being able to say why it is doing so. *[Interruption.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. I am getting rather tired of Front-Bench interventions from a sedentary position; they do not help the debate, and I find them rather distracting.

Mr. Laws: I am sure that you are quite right, Mr. Deputy Speaker, and one of the things that I learnt at the Phoenix school in west London this morning was the importance of leadership in maintaining good order, without which we learn nothing, and I should have thought that the Secretary of State recognised that observation.

Let me raise with the Secretary of State some specific points about the Government's position on academies, given that it is obvious that he has been nudging away from structural reform and that he has been continuing the policy, which he and the then Chancellor had before the latter took over as the new Prime Minister, of being far more resistant and sceptical about public sector reform than the previous Prime Minister.

The Secretary of State has not yet answered a number of important questions about the delivery unit report. In particular, can he let us know whether Lord Adonis was involved in the seminar on 1 November to establish the review? Can he tell us which academies will be reviewed by the delivery unit? I believe that five academies will be reviewed in particular. *[Interruption.]* The Secretary of State from a sedentary position says, "All of them."

Is he really suggesting that the delivery unit will go around in a few weeks and look at 83 academies? Why does *The Times Educational Supplement* say this week that the unit will look at five specific academies, including Knight's academy in London? If there is a shortlist of those that will be looked at, can we know about it?

On the crucial issue of local authorities, I have been clear about my concern that the Government are getting the involvement of local authorities completely wrong in the academies programme. Ultimately, it seems nonsense that hundreds of schools in the maintained sector could have accountability that will bypass local authorities altogether and that there will be no strategic control. However, the Secretary of State appears to be trying to make it easier for some bodies to involve themselves in the academies programme. To the extent that that is bringing new structural reform and new people into the education system who are aspirational, particularly about schools that have large numbers of deprived pupils, that is very welcome, but we want to be sure that that does not actually involve a reverse takeover of the academies programme, so that the Secretary of State can say that he has got 400, 500 or 600 academies, when their power to innovate and to do things that they cannot do in the maintained sector is compromised.

Ed Balls: Could the hon. Gentleman give me one example of what he is talking about?

Mr. Laws: I can give the Secretary of State a couple of examples—first, the changes that he has made already to some of the flexibilities that academies have—but can he answer some questions?

Ed Balls *rose—*

Mr. Laws: The Secretary of State should hear the questions first. He has got some new local authority co-sponsors of academies. He mentioned seven of them in Manchester. Can he confirm in those cases where co-sponsorship occurs who exactly will choose the school leader? How many governors will they have? Who will determine whether there will be variations in the length of the school day, in aspects of the curriculum and in hiring teachers? Will that end up, by default, going back to local authority control? In that case, the involvement of local authorities would be precisely the opposite of what would make sense.

Ed Balls: I ask again: could the hon. Gentleman give me one example, where he has any evidence, of where the local authority's role with an academy is taking things backwards in terms of standards or the governors' ability to drive leadership and change?

Mr. Laws: The Secretary of State has failed to answer the five or six questions that I have put to him. Those answers might give me the reassurance that I am looking for, and perhaps before the debate concludes, if he needs time to check some of the answers to those questions, he will be able to tell us whether some of my concerns are real—for example, in Manchester, where I understand that the local authority co-sponsors seven academies.

I shall also suggest some other changes that should be made both to the academies programme and to some aspects of the Conservative policy that was laid out yesterday. I have sympathy with quite a lot of the Conservative motion, but I also have quite a large number of reservations, which caused us to table our amendment and prevent me from supporting the motion.

I have already raised the first issue: who has strategic control? If either the Government or the Conservative party is remotely serious about all their warm words about localisation and devolving power, I hope that they will recognise and agree with the fact that it would be nonsense to maintain the academies programme when it includes 200, 300, 400 or 500 academies, run by one Minister from an office in Whitehall. Surely, when local authorities accept, as many of them now have, that they will be much more purchasers, rather than solely providers, of maintained school education, they should have a strategic role in ratcheting up standards and in managing some of the capital and admissions issues. Surely, that is completely different from what the Secretary of State is ending up with by default: a system run by a Minister, with local authority involvement coming at a lower level.

Andrew Gwynne: What the hon. Gentleman is suggesting is happening in local authorities now. There is best practice in Tameside in my constituency, where the local authority has set up the Tameside campus, where all the schools—whether academies, comprehensive schools under the local education authority or foundation schools—are in free association with one another, with the local authority as a key partner, to develop a range of education facilities across the borough. Is that not precisely what he is suggesting? And it is happening now in Labour-controlled Tameside.

Mr. Laws: No, I am not sure that it is; I am not sure whether the hon. Gentleman is agreeing with me and saying that he hopes that the Government will go in that direction or whether he is disagreeing with me. I think that it is nonsense to imagine that a programme of this scale in the future, with hundreds of schools and academies, could be accountable to a Minister in Westminster and Whitehall.

The Government ought to be thinking about how local authorities can play a core, strategic role, without trying in any way to water down or compromise what is really important about the programme: getting new innovation, new governance and better leadership into those schools in the maintained sector that do not have it, while appreciating that, where they do, that is great. If there is a great school leader—such as the gentleman who is running the Phoenix school, which I visited this morning—there is no need for an academy. He is doing many of the things that academies want to do. I would be happy to take him to any of the Government's academies, because they could all learn an awful lot from him. However, that is not necessarily the thrust of where we are going on Government policy.

Mr. Graham Stuart: Can the hon. Gentleman explain to the House how he sees local authorities having a core strategic role without their ultimately getting involved in the lower-level issues in schools—if a school were failing, for instance? How would he stop a leaching of local authority influence into the everyday life of the school?

Mr. Laws: The hon. Gentleman makes a good point. By talking about failing schools, he highlights precisely the type of strategic role that local authorities should have. It would be totally unacceptable to rely in the future merely on an Ofsted report every three or four years, and a Secretary of State sitting in Whitehall and Westminster, to determine how such schools are doing. Sometimes the governing bodies of dysfunctional schools do not work either, so local authorities should have a role in setting standards and pouncing on schools that are failing, whether they are academies or local authority controlled schools. All those schools, in some way, run the risk; there is no guarantee that any school will have no problems at all in the future. The issue is about bringing in additional leadership.

May I raise two other issues of concern, about Government policy and—perhaps to a greater extent—about Conservative policy? I tried to tempt the hon. Member for Surrey Heath to resolve the issue of his party's approach to grammar schools, but I fear we are not much the wiser. I know that he is desperate to avoid getting entangled in this net, but if he aspires to be Secretary of State, he cannot avoid it for ever. If he were Secretary of State, he would have Conservative authorities, including Buckinghamshire, asking his permission—it is not just a matter for them—to establish new grammar schools. Unless he is going to change the law and opt out completely, he cannot duck this issue for ever.

I hope that the hon. Gentleman, and the Secretary of State, will accept that there is one way of moderating many of the concerns that people have had about the academies system in the past—and perhaps about the Conservative party in the past and in the future. People have been worried that academies will end up as a type of selective education and will improve their results not by doing better for their needy and deprived catchments, but by sucking in youngsters through different forms of selection. If the Secretary of State is having a serious review in the delivery unit, and if the Conservative party want to lance the boil of their selection policy, I invite them both to get rid of some of the totally unnecessary powers that academies still have to select by aptitude and potentially by banding. Those powers run the risk of allowing some academies to choose to improve their results by selecting pupils, rather than by improving standards. It would give great comfort to many on the progressive side of politics to know that academies will have to be judged on the real results they achieve for the catchments that they are there to serve.

If academies and other maintained schools work well, it is possible that their intakes will be more balanced. When a school starts to do better, that is bound to pull back youngsters and parents who would previously have fled and would have done anything to avoid going there—as was surely the case with the Phoenix school before William Atkinson took over and turned the school round. Incidentally, he turned it round from a situation 10 years ago in which 5 per cent. of pupils got five passes at A* to C, to a situation over the past couple of years in which 70 per cent. achieved that. That is a staggering turnaround, which demonstrates to many of us the extent to which our communities can be failed by some schools. I hope that both Front-Bench teams will think about the issue of selection.

Angela Watkinson: The hon. Gentleman has strayed on to the subject of selection. May I ask him his view on a question that I would have liked to put to the Secretary of State? The Secretary of State's new adviser reportedly proposed that faith schools should no longer be allowed to admit pupils on the grounds of faith, because he considered that to be a form of academic selection—something that I absolutely deny. What is the hon. Gentleman's view?

Mr. Laws: Many faith schools do a fantastic job and I certainly would not want to get rid of them. However, the hon. Lady will know that a lot of the research shows that some of the better results achieved by faith schools reflect the fact they have better and more aspirational intakes. I hope that, in the future, faith schools will take a more inclusive approach—

Angela Watkinson: They do.

Mr. Laws: Some do, as the hon. Lady says, but, frankly, some do not. Faiths that want to reach out to a wider community—as the faiths that I respect and admire want to—will want youngsters coming into their schools who do not necessarily have the faith, or parents with the faith, that the school relates to.

My last point—I know that a number of Members want to speak in the debate—is about funding. The Government have done a fantastic amount on school funding over the past decade and deserve a lot of credit for the buildings programme that we have talked about. That is important, as people at the school that I visited this morning said. Having the right setting, aspirations and quality for youngsters who are not used to those things in their home environment sends out every right signal. However, the head teacher I met was the first to say that—as most of us would agree—the leadership in schools and the quality of staff are always more important than the buildings themselves. Those things should go together.

Over the next few years, we are going to have a much more restrained school budget. The minimum funding guarantee for many schools will barely keep place with the rate of inflation and, in some cases, will be below it. So far, I am really disappointed in the Secretary of State when it comes to deprivation funding. He has not seized the opportunity to do something much more radical. I am talking about a system of the type that my party has suggested for a number of years and that the Conservative party is flirting with now—although I note that it has not allocated any extra funding to it, and it will not become a meaningful commitment until the Conservative party does that. I am talking about having a better system for funding deprived youngsters—a system that does not target parts of the country, but tags people themselves, follows them through school, gives more money, predictably, to schools with the greatest deprivation, and also gives schools in the leafy catchment areas more of an incentive to take on some of those challenging youngsters.

Andrew Gwynne: The hon. Gentleman knows that we have had this discussion in previous education debates. My constituency covers part of Stockport. As a prosperous borough, it does not necessarily get the same funding as Tameside, even though the part of Stockport that I represent is more deprived than the part of Tameside I represent. Does he agree that the £1.3 million extra that

Stockport got for deprivation out of the recent settlement was welcome and will he urge his Liberal Democrat colleagues on Stockport council to make sure that that money reaches the deprived parts of the borough such as Reddish in my constituency and Brinnington and Offerton in the constituency of my hon. Friend the Member for Stockport (Ann Coffey).

Mr. Laws: I am sure that my colleagues there will do an excellent job, but I cannot welcome the additional money with as much enthusiasm as the hon. Gentleman. The figure is £40 million, which is peanuts. The amount that my party has been talking about—between £1.5 billion and £2.5 billion—would take the 10 or 15 per cent. that constitutes the most deprived youngsters, on free school meals, up to the private school level of funding now. That would be a far more sensible way of funding schools than the Prime Minister's rather daft and meaningless commitment to raise the level of maintained school funding in the future to the private school level—but the private school level in 2005. That target is not likely to be met until after 2020. I would have hoped that the Secretary of State—who has been so concerned about issues of child poverty and the lack of social mobility, during his involvement in politics and before he came to the House—would take the opportunity of a growing cross-party consensus to do something much bolder on this issue.

Mr. Graham Stuart: I wonder whether the hon. Gentleman could join a growing cross-party consensus that, when pupils, particularly from deprived areas such as Bransholme in Hull, cross over into a neighbouring education authority such as East Riding, they should bring with them the additional funding that has rightly be allocated to them. They should not go to one school, a mere half a mile away, and have £500 a year less spent on them, when they need that support.

Mr. Laws: The hon. Gentleman is quite right and we would want to see the funding follow the pupil. However, I urge him to lobby his Front-Bench team, rather than me, on the issue. The Conservative party's proposals on the pupil premium or advantage premium are pretty woolly and vague, and they are not funded. Until they become both clear and funded, they will not mean very much.

This has been an interesting debate so far and I hope that it will continue to be so. I hope that, over the next couple of weeks, the Secretary of State will take the opportunity to clarify, seriously, the Government's policy on this particular programme. I believe he is to make a speech next week on academies and specialist schools. I hope that he will not leave it until the report of the delivery unit to be really clear about the Government's philosophy in this area. He needs to get over and to swallow any of the traditional concerns he has about the reform programme. If he fails to do that, it will have serious impacts on the credibility of the Government's public service reform programme, and on the domestic agenda. Far more importantly, it will mean that in future there will be many more schools that fail their many deprived pupils—we are all aware of that type of school—not for one year or two, but for generations.

2.10 pm

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): In my few remarks, I will try to strike a balance. The last time we discussed education in the House was on the Queen's Speech. I was rather disappointed by the tone of the Opposition's amendment, because it fell into the trap that we associate with the rather right-wing think-tanks, such as Politeia. The attitude was that state education was awful and every school was failing. That message does not square with my experience. I am one of those Members of Parliament who visit many schools, most of which are good. They are full of energy and have good leadership, excellent staff and a learning environment. The students seem to be happy. Interestingly, a recent report from the Keele centre of excellence in schools showed that to be the case in many schools.

Not all schools and teachers are perfect, but to go to the other extreme and to make the reductionist argument that almost everything in British education is bad demoralises teachers, heads and parents.

Michael Gove *rose—*

Mr. Sheerman: No, I will not give way to the Opposition Front Bencher; he is almost universally rude when people give way to him. I will give way to Back Benchers. Front Benchers have had enough time to speak.

Mr. Graham Stuart: In that case, will the hon. Gentleman give way to me?

Mr. Sheerman: I will indeed.

Mr. Stuart: As a new member of the hon. Gentleman's Select Committee on Children, Schools and Families, I am extremely grateful. I just re-read the motion, because I did not recognise his description of it. There is nothing negative in the motion. It merely expresses a desire that the Government do not resile from the academies programme, but take it forward for the betterment of pupils.

Mr. Sheerman: My hon. Friend is a welcome new member of our Committee, but if he looks back at my remarks he will see that I was talking about the last education debate. For me, today's debate is much better—it is about academies. That was just a warning shot. I do not like it when we say that everything is bad and is going to hell in a handcart. It is not.

We on the Select Committee have always tried, even when the hon. Member for East Worthing and Shoreham (Tim Loughton) was a member, to judge the Government by certain standards, one of which is evidence-based policy. Opposition parties should be judged on evidence-based policy, too. When it comes to the evidence-based policy for the recent foray into early years education, I am critical of those on my Front Bench and the Opposition Front Bench, who are both getting it wrong because of their passionate love affair with synthetic phonics. The Select Committee inquiry found that any systematic way of teaching children to read worked.

The problem was a lack of any system in too many schools. Indeed, when we went further, we found that the real trouble was that teachers were not taught to teach children to read. We made two strong

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recommendations. First, we said that we should ensure that teachers are trained to teach whatever system they choose, or whatever is in fashion—and it is very much a question of fashion. Secondly, we said that we should be very careful when extrapolating from the evidence of one piece of research in one part of the United Kingdom—Clackmannanshire. In a sense, I am disappointed with both the Government and the Opposition.

Mr. Gibb *rose—*

Mr. Sheerman: No, I will not give way to Front Benchers. I said that I would not.

Jim Knight: The hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) is quite polite.

Mr. Sheerman: He is very polite, but I will not give way to him. As Chairman of the Select Committee, I criticise both Government and Opposition Front Benchers.

Angela Watkinson: Will the hon. Gentleman give way?

Mr. Sheerman: In a minute; let me develop my argument.

Opposition Front Benchers say that a dramatic change is occurring in the Government's attitude to academies. So far, I have not seen that, and I spend a lot of time talking to the Specialist Schools and Academies Trust, many of the major sponsors and academies themselves. I try to keep my finger on the pulse of what is happening in academies. I do not see, and they do not seem to perceive, a radical change in the academy programme, or restrictions being put on them. The suggestion is that heavy emphasis is being put back on the dead-weight hand of local authorities. After years as Chair of the Select Committee on Children—[HON. MEMBERS: "Schools and Families."]—Schools and Families; sorry, someone was passing me something. With my experience as Chair of the Committee, I do not see academies being put at risk by local government.

However, there is a problem. Time and again, in every inquiry we undertook, parents, head teachers and people in the education sector and in schools said, "Give us a good, supportive, well-informed, local authority in partnership with us; that is our best option." That is what they crave, and even those places that do not have that relationship would like it. In a sense, getting that balance right is one of the responsibilities of any Government.

We cannot deny local democracy, although it is sometimes awkward. Councillors make decisions that others do not like. When the Liberal Democrats were in charge of Kirklees, they set their face against academies. I was quietly talking about the possibility of an academy or two in Kirklees and Huddersfield, but I could not get anywhere when the Liberal Democrats were in charge. Two councillors changed in the local elections, and we now have a Conservative-led administration that is in favour of academies, and I support that. Local democracy is like that, and we have to live with it. Sometimes, local authorities are so bad on education and delivery that pretty dramatic action has to be taken. I can name cases in Yorkshire and across the country where such dramatic action was necessary, and education in those areas is much better for it.

There is an unfair, biased balloting system for grammar schools, so why not have a fair balloting system when a local authority says that it does not want an academy, but local people might do so? We have told the Government that it would be good if we had a fair balloting system for selective schools instead of the present rules, under which any proposal for change is defeated. A balloting system might not be bad; I just put that idea in the ears of the Minister for Schools and Learners. It could apply to schools that want to become academies and schools that want not to be grammar schools. It would be a more even-handed approach, but I am not sure how quickly he will grasp it.

I want to say something supportive about academies. Evidence given to our Committee suggests that academies have shown steady improvement, but there will be some challenges. I was interested to hear the caution of the Liberal Democrat spokesman, the hon. Member for Yeovil (Mr. Laws), on banding. In our inquiries on admissions, head teacher after head teacher said, "If we had a school intake that represented our community, we could do wonderful things," but what happens if everyone who can do so moves to a better catchment area, or puts their children into independent education?

I visited a secondary modern school in Kent where 100 per cent. of the pupils received free school meals, 65 per cent. had special educational needs and there were many looked-after children. With such an imbalance, it is extremely difficult to do a good job for all the children, no matter how charismatic the head. Of course, if children go to a selective school in Kent, they will do well and get a good education, but the majority of pupils who do not get into the grammar schools get a poor education, so on average all children in Kent get a sub-standard education. That is an interesting effect of selection.

The hon. Member for Yeovil responded to an intervention about faith schools. The Committee found that one problem with faith schools was that they did not tend to reflect their community. Ironically, according to their charters, many of our greatest public schools—set up many years ago by kings, queens and notable politicians, if one is prepared to dig back that far—were established for the education of poor children. They are hardly in that business now.

Stephen Williams (Bristol, West) (LD): Does the Chairman of the Select Committee welcome the trend of independent schools joining the state family of schools by becoming academies, as Colston school in my constituency and Bristol Cathedral school are doing?

Mr. Sheerman: Indeed, I welcome that, and I welcome choice.

It is odd for me as a Christian—I am a poor Christian, although I was the parliamentary church warden of St. Margaret's, Westminster for seven years—to see schools deliberately, or perhaps subliminally, exclude poor students from faith schools. Often, those are Anglican schools

and Roman Catholic schools. One looks at the surrounding community and wonders why the poorer kids—those on free school meals—do not get a fair crack at getting into those schools. There is evidence of a kind of selection—not by entrance examination—because something is going on when the community is not reflected in a school's membership.

Angela Watkinson: The hon. Gentleman can scratch away as deeply as he likes, but the faith schools in my constituency all have a genuinely comprehensive intake. A Roman Catholic secondary girls school, of which I am a governor, has a genuinely comprehensive intake and its fair share of statemented children and children with disabilities. It has high standards of discipline and behaviour and high parental interest in the education of their children. It takes pupils from a neighbouring, notably more deprived parish, and the children from the more deprived area are often the highest achievers. It is the ethos of the school that is so successful.

Mr. Sheerman: I thank the hon. Lady for that intervention. Going back to evidence-based policy, we looked closely at admissions. I am not saying anything about the school with which she is involved, but there was a general problem with faith schools. I hope very much that the new admissions code and the provision that enables it to be delivered more powerfully and positively will show results. The Select Committee's recommendations on the mandatory code, the ability to enforce it through the schools adjudicator and the role for the schools commissioner might make a real difference.

Academies present a challenge. If a bright, new academy, with new staff and new leadership, is created where a school has not performed well, a broader group in the community will support it. That is what we all want. People who were commuting from the old school area will attend the academy. Some critics, especially those on the left of the Labour party, will look at the statistics and say that the academy has been taken over by the middle classes, but that is not necessarily true. What we are seeing is a healthy influence.

Mr. Laws: Will the hon. Gentleman give way?

Mr. Sheerman: I have very little time left.

Academies are doing the job that they were set up to do, but they are criticised when their intake broadens. Where that does not happen, I have always been a strong defender of banding. If we get a fair proportion of the surrounding community into the academy, great things can be done in education.

Where there are challenges in a school—for example, large staff turnover because of its inner-city location and a high turnover of students—it is all too easy to dismiss the efforts of a team that is working hard to deal with them. Such a school is often in danger of falling into the "special" category, and have Ofsted breathing down its neck. If its intake changes even a little during the year, the head teacher can become unemployable simply because the Ofsted inspection took place that year, rather than the year before.

I have much sympathy for schools in the inner cities and inner towns. The Government have tried to help them with their challenges, but they can end up feeling that they have not had a fair shake of the dice.

There is and always will be a problem with our education system. This morning the Committee discussed absence in the early years. In many schools, that starts at 2 per cent. and can reach 11.5 per cent. among pupils of 14, 15 and 16. We need to conduct more research into those not in education, employment or training—NEETs—and tracking the early signs.

The debate is interesting and has been more constructive than the first two education debates in this Session. I hope that we will go back to the guiding principle of evidence-based policy.

2.28 pm

Mr. Mark Harper (Forest of Dean) (Con): I found it extraordinary that the Secretary of State devoted such a large part of his speech to talking about us—the Conservative party and our policies. I should have thought that, particularly in view of the breadth of the Government amendment to the motion, the debate was an opportunity to set out the Government's policy and to explain what they are doing for education. Most of the Secretary of State's remarks seemed to be aimed rather more at us. Perhaps his obsession with my hon. Friend the Member for Surrey Heath (Michael Gove), the shadow Secretary of State, indicates who the Secretary of State thinks is likely to be taking his job in the relatively near future.

In my constituency we have an excellent Conservative-controlled local education authority, but as in the case of one or two other Members who have spoken, it is a member of the F40 group of the most poorly funded LEAs in the country—a problem that Labour promised to fix when it came into government 10 years ago. The gap between my constituents in the Forest of Dean in Gloucestershire and better funded LEAs has not narrowed significantly in the intervening period. That gives my local authority significant challenges in continuing to deliver excellent education.

I am pleased to speak in support of the motion because even in a county such as Gloucestershire, which delivers good results, it is still important to have parental choice and competition to keep everyone on their toes. In a constituency such as mine, which has more than 50 primary and secondary schools, that is important.

The exchanges between Labour and Conservative Front Benchers about the surplus places rule were interesting. In one way, I was heartened that the Minister for Schools and Learners confirmed that there is such a rule, as the Government often pretend that there is not. I want to take a moment to explain one of the impacts in a constituency such as mine. It has a number of very good primary schools, many of which are full. Some are not physically full, but full only in terms of the indicated admission number.

Even in an excellent Conservative-controlled authority, local authority bureaucrats like to take control and manage parental choices. I was involved in helping Pauntley school—an excellent school, in the north of my constituency, that is highly regarded by parents; many more parents want their children to go there. We have had an extraordinary battle in trying to secure extra funding, which I am pleased to say my county

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council colleagues have approved, to expand the school and replace some temporary classrooms with more fitting buildings so that it can continue to serve the local community.

Local authority bureaucrats have amazing systems of dividing up the world into polygons and deciding that people have to send their children to school according to exactly where they live. Such systems are completely oblivious to parental choice and considerations such as where the parents may need to travel to work, the nature of the child and whether the particular school fits the particular child's requirements.

Anne Main (St. Albans) (Con): I listened with interest to what the Secretary of State said about funding and choice. In my constituency, many parents are concerned about special educational needs. As a result, they wanted to set up a new school that dealt specifically with autism. Such a school was set up in Stevenage and was visited by the hon. Member for Stevenage (Barbara Follett). However, the parents struggle with getting the funding out of the system; that funding is not recognised in respect of choice because they have set up their own school for special educational needs.

As my hon. Friend says, it is important that there be choice in the system and that special educational needs are not overlooked. Children with such needs should not be shoehorned into going to mainstream schools, where they are not always comfortable; their parents are not always comfortable at their being there either.

Mr. Harper: I thank my hon. Friend for making that point. She knows that I have taken considerable interest in special educational needs; indeed, they were the subject of my maiden speech in the House.

The issue of admissions and the improvement of the system's capacity is one of the reasons why I so welcome our attempt to improve the number of good school places available across the country. One of the problems that parents often have, and on which they often seek my support, is when an excellent school's indicated admission number does not reflect physical capacity, but has been set, perhaps, at a time when people did not appreciate its importance. Such parents' children are turned away from their choice of school. Having spoken to the head teacher, visited the school and considered its ethos and teaching methods, those parents feel that it best reflects the needs of their child, and they are turned away. They are always advised to send their children to a school that is failing to attract parents, so that the books can be balanced and the surplus places rule dealt with. That simply puts the needs of children behind the bureaucrats' need to tidy up the numbers and meet the surplus places rule.

Indeed, the language in this debate—even talking about the concept of surplus places—shows, frankly, that the allocation process is still very much a socialist top-down planning system. We do not talk about having surplus places in other services or businesses; we expect to have a range of choices and to be able to choose where we want to go. Businesses are able to deal with increased demand and provide the extra capacity. If we had more of that in the education system, that would drive up standards and give parents more choices.

Mr. Graham Stuart: Does my hon. Friend agree that the critical element of the improved system that he is discussing is the ability for new schools to start up? If they cannot, the better schools will be monopolised by the middle classes and those who are excluded will find themselves forced into schools that are not forced to change, because of the fact that pupils are forced to attend them.

Mr. Harper: That is a good point.

As I made my previous remarks, I saw the Minister gesturing in a motion that I presumed indicated that he was referring to funding. I am happy to deal with that issue. In my constituency, we have had a school that was not successful at attracting local parents. As a result, the number of its pupils fell below the level at which the school was financially viable. I was perfectly happy and comfortable about defending the decision to close that school. If a school is unable to demonstrate to local parents that it can deliver successful results, and is unable to attract them, it should close.

Jim Knight *indicated dissent.*

Mr. Harper: The Minister is pulling faces, but I had that conversation and it was not particularly controversial locally. I explained to the school that if it was unable to persuade local parents to choose it over others, it was a bit difficult to force the local authority to continue funding it.

I have a problem when local authorities are forced to close, or are pressed towards closing, good, well-subscribed schools because of funding pressures. That is difficult. As the Secretary of State said, in some ways it is better to allow parents to choose which schools their children go to, even if the schools then expand to take on the pupils. That would highlight failing schools that are not delivering the quality of education that all our children need; it would force something to happen. Preventing parents from getting their first choice, and forcing them to send their children to a school that they do not want, just props up schools that are not delivering and delays the steps that need to be taken to deliver proper education—not only for the area generally, but for the pupils in the school that is not doing as well as it should.

I am pleased with the remarks made about increasing capacity. I would be pleased if schools were able to expand up to their physical capacity and good schools were able to expand still further. That is certainly not what happens locally. The indicated admission number does not always correspond with the physical capacity of the school, and once that number is hit, the school cannot take in any more pupils, regardless of whether the school has the physical capacity. *[Interruption.]* If the Minister is saying something different, that is incredibly encouraging and I shall pass the news to my local education authority. However, I fear that that will not be the case.

I also want to address the issue of social mobility and raising aspirations. I know that the Minister has views on that, and a number of the speeches have referred to

it. As the Minister knows, a while ago the right hon. Member for Darlington (Mr. Milburn) said that social mobility had not improved and was going backwards. The right hon. Gentleman said that, because of our systems at the moment, someone from his background would be unlikely today to achieve the position that he reached in becoming a member of the Cabinet. The Minister will also know, although it is not now his Department's responsibility, that not enough socially disadvantaged young people are able to go to university. In my view, that is largely not the fault of the admissions system—although there may be individual cases—but due to the fact that those children are not given a good enough primary and secondary education and that in many cases their aspirations are simply not high enough.

When making one of our regular visits to schools in our constituencies, particularly those in the more disadvantaged areas, all hon. Members try to broaden the children's horizons as we talk to them, to raise aspirations and to support the heads and teachers when they try to do likewise. I encourage schools in my constituency to visit this House when possible—although it is a little difficult because of the distance—because that is a good opportunity for the children to experience some British history as they walk around the parliamentary estate and to watch a debate and, one hopes, a good parliamentary occasion. That may enable some children not necessarily to think of a political future but to broaden their horizons and think of opportunities that they may not have previously chosen.

In a ministerial statement just nine days ago, the Minister for Schools and Learners said:

> "Narrowing the attainment gap for pupils from disadvantaged backgrounds is one of the strategic objectives of my Department and is a key priority for the Government."—[*Official Report*, 12 November 2007; Vol. 467, c. 29WS.]

The Government have been in power for 10 years, and it is a tragedy that that gap is still so wide and that progress has not moved further and faster.

Finally, I want to say a few words about the paper that my right hon. Friend the Leader of the Opposition and my hon. Friend the Member for Surrey Heath launched yesterday. I particularly welcome the proposals on improving good school places in the state system to shift the balance of power away from the establishment and in favour of parents. That is the single biggest change that we could make, and over the long term it would make a decisive shift in the education system for the good of all pupils, particularly those from more disadvantaged backgrounds.

2.41 pm

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): I am somewhat relieved that the Chairman of the Children, Schools and Families Committee has left. I have now been a member of his Committee for one week. I feel that my comments may not match the standard of bipartisanship that he was urging on us, but I will do my best.

We must take Opposition day motions as we find them, but I was astonished when I read this one. It could have been a lot shorter; indeed, it could have been one sentence: "I wish we'd thought of that." It was rather quaint to listen to the hon. Member for Surrey Heath (Michael Gove) begin by saying that the Government lacked vision, and then going on to make the most policy-light speech that I have had the misfortune to hear in my relatively short time here. The reason for that lies partly in the fact that the ideas are borrowed. I have it on good authority that when the Conservative policy review body sat down to try to think through those ideas, this was all that they could come up with at the end of a two-hour session with the great and the good. There was nothing that they could do to better the academy programme.

Mr. Gibb: I realise that the hon. Gentleman is new to the Select Committee, but he will of course be aware that the academy programme builds on and almost replicates the city technology college concept, which was introduced by the last Conservative Government.

Mr. Slaughter: Having run an LEA for 20 years, I am certainly not new to Conservative education policy. I take it as flattery that the Conservatives wish to borrow the policy and try to claim it as their own.

The Government's amendment sets out their achievements in education. I welcome those achievements in three respects. First, I welcome the proposals in the Gracious Speech, with the education and skills Bill, which will extend education and training further to 17 and 18-year-olds, and the Children and Young Persons Bill, which will take steps to address the disadvantaged position of children in care. I thought, perhaps naively, that those proposals would be relatively uncontroversial, and I, like my hon. Friend the Member for Huddersfield (Mr. Sheerman), was dismayed to hear how Opposition Members approached them in the debate on the Gracious Speech, in trying to find fault with wholly praiseworthy measures.

Secondly, I praise the investment that the Government have put in. Yesterday I visited Burlington Danes academy in my constituency, where in addition to the £2 million put in by sponsors, £16 million is being put in by the Government to build new parts of the school to an extremely high standard and to give that school, which has gone through some troubled times but is basically excellent, a bright future. Earlier this year I attended the opening of Acton high school, which has been completely rebuilt to an astonishingly high standard. As soon as one walks into such a school, one can see the value that is placed on young people and their education, which I never saw in the dirty, unkempt and distressed schools that I visited when the Conservative party was in government.

I also praise initiatives such as building schools for the future, which will give more than £100 million to schools in my constituency, Sure Start and neighbourhood renewal. I think that the hon. Member for Yeovil (Mr. Laws) mentioned Phoenix high school, which is in my constituency, and William Atkinson six times. I am not surprised, because William, who is the head teacher of Phoenix, is a most inspiring individual. I am glad that the hon. Gentleman visited the school—although next time he might want to give me notice that he is going there.

Mr. Laws: I apologise to the hon. Gentleman, who has reminded me that I should have written to him beforehand.

Mr. Slaughter: Civility is prized and taught at Phoenix, and I am sure that, having been there, the hon. Gentleman will follow that example.

The neighbourhood renewal fund gave several million pounds to support the families of pupils at Phoenix, and William would say that that is one of the main reasons why that school, which has an intake from one of the most deprived areas in the country, has come on by leaps and bounds.

Thirdly, I praise the Government on results. I could go through every school attended by children from my constituency, but I will mention just three. William Morris sixth form, of which I have been a governor since it was set up in 1994, has had an outstanding Ofsted report. I was told that if one types "outstanding sixth form" into Google, William Morris comes up on the first page. Phoenix is the most improved school in England over the past three years. Hurlingham and Chelsea school, having been in special measures three years ago, came out of special measures in record time, and its A to C GCSE results increased two and a half times over that period under the utterly inspiring leadership of Phil Cross, who is the new William Atkinson of the borough.

I mention those three schools because they were all, at different times, targeted for closure by the Conservatives: William Morris was targeted in the last three years of the Conservative Government; Phoenix, which was for many years rubbished by Conservative councillors, who said that if they came to power they would close it; and Hurlingham and Chelsea, which, now that the Conservatives are in power locally, they are seeking to close. It may seem parochial to talk about one of my own LEAs, but there are lessons to be learned from looking at the Conservatives in local government, and how they deal with education, that give the lie to what they say when they talk in this House about education policy nationally.

The history of education policy over the brief 18 months since the LEA and the council changed hands in Hammersmith and Fulham is an extraordinary and disgraceful one, which may interest my hon. Friends on the Front Bench, if nobody else. The first move was an attempt to close Hurlingham and Chelsea school, which, as I said, came out of special measures in record time and is fast improving. At the end of a seven-month campaign by the school to avoid closure, the closure proposal was withdrawn, but only because it was clear to the LEA that the school adjudicator was not going to find in its favour.

I always appreciate new administrations learning by their mistakes, but in this case it was quite the contrary. Since then, over the past six months, a commission has been set up under the chairmanship of Baroness Perry. I have nothing but respect for her professional record, but it is unfortunate that she was at the same time chairing the Conservative party's policy review. Her report was highly critical of the LEA and its poor relations with schools, and called for a full review of 14-to-19 education; both those facts have been ignored. It also put forward two quite extraordinary proposals, which are leading to the misuse of building schools for the future money in the LEA, and to an attempt to use the academy process to introduce selection by the back door—a topic that the hon. Member for Yeovil alluded to in his speech. Such misuse of the academy programme is a danger. It will not be misused if Lord Adonis has his way, but it will be if my local Tory LEA has its way.

What were the two proposals? The first is known locally as the French connection. It is the proposal to sell off two propitious school sites to the French Government. That came out through Freedom of Information Act inquiries and investigations by the head teachers of the schools concerned. A proposal to sell off two of the best sites in Fulham to the French Government for conversion to private lycée schools was being made without the knowledge of the schools. I have a letter here from the chairman of governors of one of the schools, who says that in June he found some French people wandering uninvited around his school, asking people at random questions about the curriculum. I have asked for a meeting with the French ambassador to discuss these matters, but the fact remains that neither that school nor Hurlingham and Chelsea school, which is being asked to share its site with a private lycée, was consulted in any way. Hurlingham and Chelsea now faces its second battle in a year to remain open, despite its outstanding achievements.

The second proposal being pursued by my Tory LEA is to close the only secular girls school in the borough, which is the first school of choice for many Muslim families in my constituency. It is a very good and well-respected school, but it is to close, and then share a very small site with a boys school in Fulham. Lest it be thought that I am simply making party political points—

Mr. Graham Stuart: No one would think that.

Mr. Slaughter: Well, they are party political points, but that is because I have a terrible Tory council. There is nothing I can do about that. My electorate can do something in a few years' time, but there is nothing I can do at the moment.

The principal's report at our local sixth form college talks about the 14-to-19 strategy in the borough:

"Little, if any, progress was made on this in the borough during 2006-7 because of the council's ill-thought out attempt to close Hurlingham and Chelsea School and the ensuring planning blight whilst the school fought a seven month campaign to stay open. This resulted in a serious lack of trust between the council members and officers and secondary headteachers...With vital deadlines for the borough's BSF submission now imminent, there is a greater sense of purpose this year...However, there is further uncertainty resulting from the commission's recommendations, particularly the one to set up a new school on the Henry Compton site to include Fulham Cross Girls' School. Staff, governors and parents of FCGS are deeply unhappy at what they regard as a threat to girls' education, and may well mount a campaign to save the school."

That is an understatement. The report continues:

"In my view, we do not currently have the necessary collaboration or expertise in Hammersmith and Fulham to benefit fully from the opportunity BSF brings to create exciting and innovative schools for the future. Headteachers have urged the Director to use some of the funding to enable us to gain some additional external expertise."

Another head in the borough put it rather more succinctly:

"we all have concerns about the London borough of Hammersmith and Fulham at both Council and Officer level...I hope that something can be done to rescue education for young people in this Borough."

An unprecedented five head teachers and principals, all affected by these lunatic changes, have asked for an appointment to see my hon. Friend the Minister for Schools and Learners. I hope that he will agree to that—I am sure that he will—because the situation is at crisis point.

Angela Watkinson: The hon. Gentleman is painting a picture of vexatious school closures by his local education authority. Most school closures are prompted by Government policy—when there is 10 per cent. spare capacity throughout the borough—and LEAs are in the very difficult position of having to reduce that spare capacity. No such proposals will be accepted or welcomed by teachers or pupils. Is the hon. Gentleman saying that those proposals have nothing at all to do with there being more than 10 per cent. spare capacity in the LEA in Ealing, Acton and Shepherd's Bush?

Mr. Slaughter: I can answer that very straightforwardly. At the same time as the LEA is proposing those closures, it is proposing to open a new academy in my constituency. I know about that only through hearsay, because neither local residents nor the heads have been consulted. For example, the head of the other academy that is less than a mile away, whom I was talking to yesterday, has not been consulted. I have not been consulted. A feasibility study has gone on; it is another fait accompli. I welcome the proposal to open a new school in the borough, but it sits ill in the mouths of people who are trying to close existing good schools. In the moment or two that I have left, I shall talk about why that is happening.

Angela Watkinson: Will the hon. Gentleman give way?

Mr. Slaughter: No, I will not give way again.

Why is that happening? The answer is straightforward. Building schools for the future money is being used to move two schools to a single site, so as to free up a site to be disposed of as a private lycée. It is being misused in order to pillory and limit the chances and opportunities for young people in community schools in my borough.

Angela Watkinson: Will the hon. Gentleman give way?

Mr. Slaughter: I will not give way.

At the same time, if the LEA gets its way—I shall be talking about this matter in more detail to Lord Adonis—the academy programme will be used to introduce selection in the borough. The scheme is for a selective school in the south, partly sharing its site with a private school, and an academy that takes the best children from the Phoenix and from the existing academy in my constituency, in the north of the borough. It is trying to set up what I might call a poor man's grammar school service.

When we come down to it, that is why the hon. Member for Surrey Heath cannot answer the questions about grammar schools and selection. They know that they cannot say it publicly, but almost every Member on the Opposition Benches wants a return to full selection and grammar streaming. That is what, by fair means or foul, is happening. I will not allow it to happen in the LEAs in my constituency. With the help of my hon. Friend the Minister and Lord Adonis, I hope that none of these things will come to pass for the new academy, which I welcome, or for the existing schools, which are performing under the most extreme duress, and the draconian policies of the LEA. I hope that they continue to thrive, although that will be despite the LEA, rather than with the benefit of its support.

2.58 pm

Mr. Brooks Newmark (Braintree) (Con): The Opposition motion expresses the clear commitment in my party to continuing reform of our schools system, to the encouragement of devolved responsibility in schools and to the provision of greater support to the disadvantaged through greater choice and openness. It is, moreover, a clear commitment that we have in the past honoured in the Lobby by supporting the Government when we believed that they were introducing necessary reforms. Our crucial support for the Education and Inspections Act 2006 proves that we, at least, have the courage of our convictions when it comes to schools reform. But while we were busy reaching for consensus in the Lobby, many in the Labour party were reaching for consensus on paper, and were still not finding it.

It is perhaps unfortunate that next to the Government amendment, some rather more ominous names appear alongside the name of the Secretary of State for Children, Schools and Families. First, there is the Prime Minister, who does not seem to know whether he is coming or going on reform. Secondly, we have the Chancellor, who in all probability, will soon be going. Thirdly, there is the Secretary of State for Innovation, Universities and Skills, who, before his second coming, was busy with an alternative, but sadly not very innovative education White Paper, while on the Back Benches. Last but not least, we have the Secretary of State for Health, who is presumably listed for showing his dedication through taking a hospital pass from the Secretary of State for Children, Schools and Families when he got himself into a spot of bother in last Tuesday's debate. When we analyse the Government's policy on schools reform, it appears that only one principle is at work—random movement, otherwise dubbed as Brownian motion.

I want to focus on one narrow aspect of our motion: the necessity of helping the most disadvantaged with all the resources available to us. It can sometimes be too easy to view disadvantage in a narrow, socio-economic sense. That is the root of a great deal of, but by no means all, disadvantage. Pupils with special educational needs are still some of the most disadvantaged in our schools, as hon. Members from different parties have pointed out.

The Secretary of State was rightly lauded by hon. Members of all parties for his commitment while on the Back Benches to greater support for special needs education and disabled young people. He managed to maintain that commitment when he was Economic Secretary to the Treasury, although he sometimes had to give his support at arm's length. However, something about the new regime appears to spoil those good intentions.

I was disappointed that the Secretary of State could not use his customary leverage with the Prime Minister to get a commitment on SEN into the Queen's Speech. It was also unfortunate that, during last Tuesday's debate, he preferred the attractions of baiting on Surrey Heath to setting out the Government's agenda

[Mr. Brooks Newmark]

on education. I have a strong and personal interest in children with SEN getting a better start in life and I do my best to keep abreast of the Government's stance on those issues. However, that stance is beginning to look shaky. The comprehensive spending review in October announced the availability of an extra £340 million over the CSR period to support disabled children and young people, but the way in which the additional funding will interact with existing provision for SEN remains unclear.

I am sceptical of the utility of additional funding without a root-and-branch review that places children's needs first and foremost. Such a review is now getting started under my hon. Friend the Member for Buckingham (John Bercow). Once again, the Conservative party is setting the reform agenda. However, if reform is to be effective, an SEN system must be founded on genuine parental choice. Just as choice should be the decisive factor in driving up standards in the wider school system, so it should be decisive in approving the outcomes for children with special needs.

Meanwhile, the Select Committee on Children, Schools and Families was forced to publish yet another report on SEN last month. The reason for the repetition is simply the Government's intransigence. I am not a member of the Committee, but I hope that I shall never miss an opportunity to pay tribute to its work. Sir Robert Balchin, the chair of the Conservative party's commission on special needs education, has also produced a fine report, which I recommend to the Secretary of State. Those are only two in a growing chorus of voices that call for a fundamental reform of SEN provision.

Last year's Select Committee report recommended—to my mind, unequivocally—breaking the link between assessment and funding of SEN provision. The Government have misinterpreted that, though I do not claim that they did so wilfully. However, the response to the report was generally viewed as leaving a lot to be desired. I hope that, when the Minister for Schools and Learners responds, he will commit to giving the Committee's latest report on the matter the attention that it deserves. I hope that he will also commit to providing a national strategy for SEN, which allows schools the freedom to tailor their provision to the needs of the communities that they serve.

Although our motion calls for greater freedom for schools and an innovative approach to helping the most disadvantaged young people, the Government continue to equate choice with elitism. The Secretary of State parroted that equation last Tuesday, and he did so again today, when he wrongly stated that we support the few and not the many. Nevertheless, SEN provision remains, all too often, both stretched and inflexible for parents and children.

The Government's amendment ends by reiterating the planned extension of education and training to 18. I foresee a problem in that the Government propose to compel a new cohort of 16 to 18-year-olds to remain in a system that already struggles to cope. The Government should act now to prepare the system of SEN provision to handle a great deal more strain if their proposals to raise the school leaving age are to go ahead.

In a parliamentary answer, the Government estimated additional costs of £90 million to support those with SEN through extending compulsory schooling to 18. How was that figure calculated? How robust does the Secretary of State believe it to be? Not only extra money but extra staff and resources are needed. Better still, fundamental reform of provision is needed. A significant gap remains between the perception of SEN provision in Whitehall and the experience of parents on the ground. I do not want that gap to widen further because the Government have announced a policy on compulsory education to grab the headlines without doing their homework on special needs.

We need to raise the bar and close the gap. The days of one-size-fits-all education should have ended long ago. Unfortunately, they have not. In so many other aspects of education policy, we are setting the pace of change. It must begin with legitimate choice for parents.

Angela Watkinson: Will my hon. Friend join me in congratulating the ROSE—realistic opportunities for supported employment—project at Havering college of further and higher education? It is specifically designed to ease students with special needs into employment. They have a job tutor who sees them through the first few weeks—sometimes months, depending on the student's ability—until they are able to attend a workplace independently. That example of good practice could be followed throughout the country.

Mr. Newmark: I certainly join my hon. Friend in congratulating that project. Other colleges, such as Edith Borthwick in my constituency, do exactly the same, and I congratulate them on their hard work in supporting their students to move on and get ready to play a productive role in society and the workplace.

Just as SEN provision must be at the heart of our schools and academies, choice must be at the heart of SEN provision, not an inconvenient accessory to it.

3.8 pm

Mr. David Chaytor (Bury, North) (Lab): In my constituency, I have a school that is similar to Eton, at least in the spelling of its name. Last night, I was privileged to visit Elton high school and join the pupils, staff and governors for their annual awards evening. The school is thriving and is now in the upper 25 per cent. of the most improving schools in the country. It had record GCSE results this year and has a broad and balanced curriculum. It has innovated and is now a specialist art school, where the pupils are committed to their studies and happy and motivated to be there.

I mention Elton school because it undermines the basic assumption that underlies the Conservatives' attack on the Government's record. The school is firmly within the local authority system, and is nevertheless one of the most highly regarded schools in not only my local authority but neighbouring local authorities. I pay tribute to the work of the head teacher, Mr. Neil Scruton, his chair of governors, Mr. Jeff Coles, and the staff and pupils of the school.

What I am struggling to understand about the Conservative document launched yesterday—I have not read it in detail; I have heard bits about it—is how

the new education policy of Cameron's Conservatives, who are trying to be touchy-feely, liberal, progressive modernisers, is in any way different from the policy of Thatcher's Conservatives. The Conservatives still have a fundamental commitment to wholesale privatisation and fragmentation of the system and to seeing the individual school as the basic unit, not understanding the need for schools to operate within a co-operative framework.

David Taylor (North-West Leicestershire) (Lab/Co-op): Does my hon. Friend agree that many Conservatives still covertly believe in the policy encapsulated in the phrase "A grammar school in every town"? That is their real, secret agenda, is it not?

Mr. Chaytor: My hon. Friend makes an important point. That is the hidden agenda, and we could see that from the expression on the shadow Secretary of State's face. Throughout his speech, he found it extremely difficult to keep a straight face, in his new-born commitment to liberal, progressive modernity. Indeed, I would go further back. The shadow Secretary of State spoke about the miraculous assumptions of some aspects of Government policy, but he was the personification of miraculous assumptions, in what he was saying about the way forward. He combined that with a kind of immaculate conception. It was almost as if Keith Joseph had come back to speak to us. Indeed, there was nothing that he said with which Keith Joseph would have disagreed.

It seems to me—I am looking to the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) to clarify this, because he is a thoughtful Member of Parliament—that the Conservatives' approach is riddled with contradictions. On the one hand, they keep telling us that they want to give more freedom to schools and head teachers, pass down more power to parents, lift the dead hand of bureaucracy, move away from the command economy and take centralisation out of the system. On the other, they want to tell every pupil in the country that they must keep their shirts firmly tucked in their trousers and every teacher that every time anyone walks through their classroom door, every child in that classroom must—day in, day out, week in, week out, month in, month out—stand to attention. That is a level of prescription that Joseph Stalin could not have dreamed of, and it blows out of the water any commitment to trusting the professional judgment of teachers and head teachers that the Conservatives want us to believe they support.

Angela Watkinson: What the hon. Gentleman is talking about is courtesy and respect. Those habits that are learned in school will serve pupils well all their lives. He denigrates grammar schools, but what we need is grammar school standards in every school, whether it be an academy, a comprehensive school or whatever else. Good standards of behaviour and discipline, aspiration and achievement—who would deny any child that in whatever school they attend?

Mr. Chaytor: The hon. Lady has given the game away. Neither she nor her party can distinguish between the form and the substance. The substance of courtesy and respect is of course absolutely necessary; the precise form that it takes is a matter for the judgment of each school.

The Conservative party is not the only opposition party to have a contradictory approach. I wanted to ask the hon. Member for Yeovil (Mr. Laws) earlier how he reconciles his commitment to the importance of local authorities having a strategic role with the clear call on the Government in the Liberal Democrats' amendment to

"ensure parental choice rather than schools choice by ending selection to Academies by aptitude and other means".

I support that policy, but if the local authority has a strategic role, how can the hon. Gentleman defend only academies having to end selection by aptitude and other means, while sustaining that approach with local authority schools? Would he go further and say that he believes that local authority schools should also end selection by aptitude and other means?

Mr. Laws: Yes. I entirely agree with the hon. Gentleman that we should end that selective power in specialist and other schools. Does he not understand that we are not only saying that there should be a strategic local authority role, but that the local authority should not have to run every maintained school?

Mr. Chaytor: I understand that perfectly, because that has been the case since the passing of the Education Reform Act 1988. The only people who seem to think that local authorities run every school are the Liberal Democrats and the Conservatives. Certainly nobody on the Government Benches thinks that that is how the system in this country could reasonably be described.

I should like to say a word or two about choice and selection. The ground of this debate, which has been going on for 40 years or more, fundamentally shifted when the hon. Member for Havant (Mr. Willetts) made his speech earlier this year. Only last week, in the debate on the Loyal Address, I was able to read the key extract of his speech, in which he finally admitted that a selective admissions policy—selection by academic ability—entrenches disadvantage rather than eroding it. From that moment on, regardless of the divisions in the Conservative party, the ground of the debate shifted. I welcome the fact that the Opposition have included in their motion a clear commitment to

"all-ability schools in the state sector",

albeit in their call for new providers to open them. I also welcome the clear commitment in the Liberal Democrats' amendment to eliminating selection by various means.

However, we have to be clear about the issue of choice. It is a simple matter: either we want schools to choose pupils through various forms of selection, such as academic selection, which exists in some areas, selection by aptitude or a variety of fairly dubious proxies, or we want parents to be able to choose schools. I am firmly on the latter side of the argument. However, we must accept that the historical legacy of the location of our schools and the distribution of population mean that it is logistically impossible for every parent in the country to secure their first choice school, unless the Government are committed to a massive expansion in their budgets, to keep thousands and thousands of spare places open.

[Mr. Chaytor]

We heard from the official Opposition yesterday that they are doing precisely the opposite, because they intend to take a huge slice—I think that the figure was £4.5 billion—out of the building schools for the future programme. They have to understand that choice can operate only in a fair, balanced and regulated framework, where the objective is to ensure that parents secure their first choice school, but where that is balanced by other factors. Otherwise, the exercise of choice by some individuals can, if not operating in a fair framework, simply mean the denial of choice to others. It is the central role of the Government and of local authorities to ensure that we have that fair and balanced framework, which maximises choice to the benefit of the greatest number of parents.

I should like to make a point about good schools and good GCSEs. A comment that I have made to a number of Ministers for education is that although the Government have been extremely successful in driving up standards over a 10-year period and in enabling thousands of young people to obtain qualifications that they would not have obtained before—it really is as simple as that—the focus on good GCSEs nevertheless has a downside. The target of five A to C grades has a general level of support, but every time we describe such grades as good GCSEs, we are saying to the young people who do not achieve them that their GCSEs are somehow no good, and that they have failed miserably to achieve what we expect of them. We are sending that message not only to those young people, but to their parents. I have discussed this point with my hon. Friend the Minister for Schools and Learners, and with his predecessors, but I would like to appeal again for a different way to describe levels of achievement. I am not talking about manipulating targets—targets are important and I want to see results improving year on year, and to see children achieving more year on year—but we have to find a different kind of language.

We have to find a different kind of language to describe schools as well. It is too easy just to talk about a good school. In my experience—I think most Ofsted inspectors would agree with this—there are good schools, but most schools are good at something. To assume that there is a category of schools defined as good and another that is defined as failing is utterly simplistic and does not accurately describe what is taking place. Furthermore, we all too often fall into the trap of defining a school as good because it happens to have a favourable intake. Again, I ask the Government to revisit the kind of language that we use. We need to find a better, richer language to describe the range of schools that we have, their many qualities and the many ways in which they advance the education and achievement of their pupils.

In respect of language, I should also like to make a point about the 14-to-19 diplomas. In the Queen's Speech debate last week, I made an appeal for us to look again at Sir Mike Tomlinson's original report on the relationship between A-levels, GCSEs and the new diplomas. I now want to ask my hon. Friend the Minister to think again about the use of the words "vocational" and "academic". In theory, there is cross-party consensus that we need to bridge the academic-vocational divide. In my view, however, that will not be achieved as long as we continue to use the terms "vocational" and "academic". Again, we need a richer, more careful language to describe the range of subjects in the curriculum, and the range of knowledge and skills that young people require to pursue different careers.

For example, we can ask the simple question: is maths an academic subject or a vocational subject? For someone going to university to do a degree in maths, physics or information technology, maths is an academic subject. However, for someone training to be an electrician, a plumber or a joiner, it is vocational. This is an issue for all Members of the House, head teachers, teachers and parents, and we really need to revisit it, to determine the best way of describing the range of subjects, knowledge and skills in the curriculum. I have noticed the word "applied" creeping into recent speeches. Perhaps the terms "theoretical" and "applied" would provide better ways of achieving this.

I want to touch briefly on the subject of special educational needs. Reference has been made by other hon. Members to the Select Committee's report on SEN, which I believe moved the debate forward a little. I still think that we have a major problem with statementing, however. The noble Baroness Warnock's speech two years ago calling for a rethink on statementing and on the categorisation of SEN was really important. I am not sure that the Select Committee—of which I was then a member—or the Government's response have fully taken that report on board.

The basic principle should be that, in reality, the vast majority of children have special educational needs of one kind or another. For many children, those needs will be fairly minor, but they need to be recognised none the less. By focusing on SEN as a distinct category of people with highly visible disabilities, and on the statementing process, we have overlooked the less dramatic, less obvious needs of large numbers of children who nevertheless need a little more attention than the present system can provide.

Finally, I should like to put three questions to my hon. Friend the Minister. First, is it the case that, as the schools commissioner goes round the country looking at local authorities' plans for building schools for the future, he is requiring the authorities to adopt academies if they are going to secure BSF money? If that is the case, it needs to be made public and a matter of policy. If it is being done quietly, on the side, I do not believe that that is the best way of handling this matter. My own local authority might well be interested in having an academy in the near future, but that is a decision that should be taken locally. It should not involve a bit of arm-twisting by the schools commissioner.

Secondly, will my hon. Friend tell us how far the Department has got with the commitment that was made some weeks ago to review the ballot system for wholly selective schools? As he will know, this is an issue of great importance to me and to many other Members, and the Government need to keep us informed about it, and to consult widely on improvements to the present ballot arrangements. Thirdly, will my hon. Friend confirm the ongoing importance of the historic commitment made by the Prime Minister, when he was Chancellor, not only to narrow the gap between per-pupil funding in state schools and that in private schools, but to close it? Will my hon. Friend also tell us in what time scale he thinks it would be feasible to achieve that?

3.25 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): It is a pleasure to follow the hon. Member for Bury, North (Mr. Chaytor), whose knowledge of and commitment to education are widely recognised. To pick up on his question, it would be fascinating to hear from the Minister whether the present Prime Minister's promise was just spin and whether there is a timetable for fulfilling that commitment. The hon. Member for Bury, North will acknowledge that it would be fantastic if the Minister could do that, but I fear he will not.

It is a pleasure to take part in this debate. The Conservative motion is extremely positive about the academies programme. It offers the new, young Secretary of State the opportunity to remove some of the kinks in his policy making, and to give the programme his full backing. The word "choice" came out of his mouth as though it were a swear word; he just about managed to utter it, but not with any real enthusiasm. Instead, astonishingly, he spent almost all his speech attacking the Conservatives for proposing such a positive motion in support of what we hope will be an ongoing academies programme, building on the many achievements of the previous Conservative Government.

A Liberal MP, William Forster, drafted the Education Act 1870, and a Conservative politician, Rab Butler, introduced the Education Act 1944, which made secondary education free of charge for all pupils, so let no one doubt that the Conservatives care passionately about the start in life that our younger people, from all backgrounds, experience. That is why we put country before party and voted for the Education and Inspections Act 2006, and why we published yesterday's green paper a full two years before the expected date of the general election. On matters of such importance, we are always prepared to put country before party and to work with the Government to do the right thing.

I challenge the Minister to face down those on his Back Benches, and in too many Labour-run local authorities, who do not back the academies programme. I think that the hon. Member for Bury, North's enthusiasm is somewhat muted, although he did not elaborate on that today. I should be happy to take an intervention if he wants to show that enthusiasm, which I hope the whole House would be able to express today.

I shall concentrate on social mobility, which is the reason we need educational reform. The record of successive Governments, as a body of evidence shows, has been poor. A 2005 study by the London School of Economics compared the life chances of British children with those of children in the US, Canada, Germany, Norway, Denmark, Sweden and Finland. It examined the extent to which childhood circumstances influenced adult economic success. Social mobility was found to be greatest in Norway and Sweden, and Canada and Germany also did well. It was virtually static in the US, and the gap in opportunities between the rich and poor in Britain was found to be widening.

I give the Government credit for doubling in real terms—certainly in cash terms—the amount spent on education, but the social outcomes for which incoming Ministers might have hoped in 1997 have not been delivered. That is why we need reform. That is why we need the positive approach of Conservative Front Benchers, who say that we must extend the academies programme to make choice real, while also allowing the establishment of new schools. We must allow charities and other groups to set up new schools; otherwise, the supply system of choice will be taken over entirely by middle-class parents, using their ability to work the system to the benefit of their children, and we will not have the uplift for those from deprived areas that the whole House sincerely wants.

David Taylor: The hon. Gentleman talks about the disappointing track record on social mobility of successive Governments, but does he agree that academies are not likely to improve it when 7 per cent. of young people educated in private schools bag 40 per cent. of places at the top 20 universities in the UK? That distortion or skew does not happen in the other countries that he cited at the start of his speech.

Mr. Stuart: The hon. Gentleman makes an excellent point, which helps my argument immensely. His own figure shows the comparative failure of the state sector, despite record funding, to match the private sector. It shows up the false promise made by the Prime Minister that funding in the state sector would somehow match that of the independent sector. Some of the independent schools that are bagging those university places receive little more money—in some cases, even less—than the average state school, yet they have the successes. Why? It is because of their culture, and because the system itself is important. It is no use Ministers suggesting, as the Prime Minister did earlier, that it is somehow the universities' fault for failing to select children from schools that are not raising standards sufficiently. The key point is the failure by those schools to raise standards.

Stephen Pound (Ealing, North) (Lab): The hon. Gentleman makes a persuasive case. In view of his last comments, would he support the removal of the charitable status advantage that the private education sector enjoys in an effort to level the playing field?

Mr. Stuart: That is an interesting point—*[Interruption.]* No, absolutely not. When parents, many of whom are not wealthy, are forced to spend their every penny to escape the failing schools around them, and to pay the tax burden for state schools as well as the additional fees for their children's education, it is nonsense to propose to remove charitable status from high quality education institutions. What we need to do is bring the choice that exists in the independent sector to the state sector, so that poorer parents are able to use their power as educational consumers to find the best for their children. In places such as Hull, parents are desperate for the opportunity to find better education for their children.

I hope that the Secretary of State and the Minister who will reply will redouble their efforts to bring those opportunities to parents and children. For 10 years, the previous Prime Minister was held back by the Secretary of State's former political master—and perhaps current one, too. We need a fully reforming Government, who can capture the optimism and hope of Conservative Front Benchers and offer opportunity for all rather than guaranteed failure for so many at the bottom of the social pile.

3.33 pm

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): We have had an excellent debate and it is a pleasure to follow my hon. Friend the Member for Beverley and Holderness (Mr. Stuart).

Our debate has been about the academies programme, but also about reform. Our party believes that giving schools more autonomy and freedom to manage themselves, and bringing in new providers, will help to raise standards. That can be seen in practice at Mossbourne academy in Hackney, where half the children qualify for free school meals, 40 per cent. speak English as a second language and a quarter are on the special needs register. Yet in this year's key stage 3 SATs results, 92 per cent. achieved level 5 or above in English and 93 per cent. did so in maths. That puts the school on track for 80 per cent. to achieve five or more GCSEs at grades A* to C, including English and maths. We should compare that with the figure for most comprehensives in leafy suburbs, and with the national average of 46 per cent.

Mossbourne is an excellent school with exemplary behaviour and a strict school uniform policy that is strictly enforced. I am sorry that the hon. Member for Bury, North (Mr. Chaytor) was so disparaging about that approach to education. Children do stand up at that school—

Mr. Chaytor: Will the hon. Gentleman give way?

Mr. Gibb: Very briefly.

Mr. Chaytor: The hon. Gentleman must accept that a policy directed from the centre of national Government that tells every school what every child in every classroom must do every time the door opens and an adult walks in is absolutely absurd. Has he calculated how many times children will be standing up and sitting down during a school year?

Mr. Gibb: Well, it seems to work, and what matters is policies that actually work rather than those that are based on assertion—or on ideology, as in the hon. Gentleman's case. There is nothing contradictory in wanting more freedom for schools, especially from the hundreds of directives that come out of the Department every year, full of prescriptions about a whole range of issues. We just want two or three priorities to be achieved: better reading, better discipline and children taught according to their ability.

Mr. Laws: I appreciate what the hon. Gentleman seeks to achieve through some of his policies, but does he not agree that his party is sending a contradictory message? It talks about more freedom for schools, but it is being incredibly prescriptive on issues such as setting. Is it right for his party to be so prescriptive if it also wishes to give greater freedoms?

Mr. Gibb: We are discussing the freedom to manage schools without interference from political bodies such as local authorities and a whole range of other organisations. Ministers must have certain key priorities. It is well known that there is a massive amount of evidence on reading. We are not dictating; we are saying that there is best practice and that Ofsted will expect schools to adopt it unless they can demonstrate that they are achieving better results through other methods.

Mr. Laws: That was almost a get-out clause, but let me quote from the Conservative party green paper. I recognise that setting works for many youngsters, but page 33 of the document states:

"We will therefore alter guidance...to ensure that schools...set all academic subjects by ability."

Is it really appropriate for the Government—the current one or a Conservative Administration—to dictate to that extent?

Mr. Gibb: If that is what the evidence shows works. The Liberal Democrat spokesman tabled amendments at the Committee stage of an education Bill that were full of prescriptive proposals. The hon. Member for Bury, North has a range of prescriptive measures that he would like to apply to schools; they just happen to be prescriptive measures with which he agrees. Those are the measures that we want to sweep away.

All Members want prescriptive measures for our schools. All Members want a de minimis level of academic standards in our schools. We want freedom for schools to manage themselves, but there must be minimum standards. Schools will be expected to adopt best practice and Ofsted will ensure that schools deliver, but there will be no centrally imposed diktat, and certainly much less than the centrally imposed diktats that emanate from the Secretary of State's Department. Sixty-page documents with detailed prescriptions about children sitting and concentrating are what come out of his Department today and for as long as he presides over it.

The Opposition are happy to defend the academies programme—more so, perhaps than Labour Members. The Education and Skills Committee report published in 2005 expressed concern that

"some academies seem not to have improved results compared with the school that was previously on their site."

However, that was early in the academies programme, and we must not forget that academies replaced schools that were failing desperately in some of the most deprived parts of the country. In all but five cases the academies took on existing staff and pupils, and it takes time to see the effects of the new leadership and ethos that academies bring to education.

Earlier this year, the National Audit Office produced a report into academies that concluded:

"GCSE performance is improving faster in academies than in other types of school, including those in similar circumstances."

The Specialist Schools and Academies Trust points out that overall the percentage of free school meals eligibility in academies is 38 per cent., compared with the national average of 14 per cent. It points out, however, that by

"tackling issues related to areas of social disadvantage, the academies programme is improving education for thousands of children who previously did not have such opportunities."

The truth is that academies are simply city technology colleges, a concept introduced by the previous Conservative Government, with a new Labour wrapper—the hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) appears to have conveniently forgotten that.

Jim Knight: How many were there?

Mr. Gibb: About 20, but we must remember that CTCs were introduced in the last few years of the previous Government, whereas this Government have been in power for 10 years and there are still only 83 academies. We must be realistic: when we examine the results of the CTCs, we see what several years of freedom and effective leadership can achieve. Conor Ryan, a former Labour education special adviser, points out in his excellent blog, which I recommend to Labour Members, that CTCs beat many fee-paying independent schools in their GCSE results.

The top performing CTC is Thomas Telford school. It has a genuinely comprehensive intake, and 100 per cent. of its pupils achieve five or more GCSEs—95 per cent. do so when English and maths are included. More than that, 100 per cent. of pupils achieved 12 or more GCSEs, including vocational equivalents. Even when one strips out the vocational qualifications, the school remains the best performing comprehensive in the country. Last year, 88 per cent. of pupils at the Harris city academy in Crystal Palace achieved five or more GCSEs—75 per cent. did so when English and maths are included.

The key to this success was the freedom that academies and CTCs were given, but that is slowly being eroded by the Secretary of State. He said in a parliamentary statement:

> "At the heart of the innovation in the curriculum that academies make possible is flexibility, which we will maintain for all new academies—built on the platform of the core national curriculum that, as with most existing academies, all new academies will follow in English, maths, science, and information and communications technology."—[*Official Report*, 10 July 2007; Vol. 462, c. 1322.]

That is Sir Humphrey speak for, "Academies will no longer be exempt from the requirements of the national curriculum."

That confirms the fear expressed by the hon. Member for Yeovil (Mr. Laws) that the Secretary of State is creating a system of academies in name but not in substance. He is also right to say that the drive behind the academies programme is to bring into education the innovation and excellence that head teachers such as William Atkinson bring to their schools. He could also have mentioned Sir Michael Wilshaw at Mossbourne community academy, Sir Kevin Satchwell at Thomas Telford school or Mrs. Brenda Bigland, the head teacher at the excellent Lent Rise combined school in Burnham, near Slough.

During the debate, the Secretary of State made a strange and rather political point—surprise, surprise. He said that our decision to use a small portion of the building schools for the future budget to build new schools is somehow a cut in spending on building new schools. That does not make sense. He went on about the dangers of teaching creationism without mentioning any school where that happens. Under our proposals, new academies will be bound by section 157 of the Education Act 2002, which sets out the curriculum requirements for independent schools.

The hon. Member for Huddersfield (Mr. Sheerman) mentioned synthetic phonics, saying that what mattered was a systematic approach. That is right, but it is also important that children should not be asked to guess words that they do not know on the basis of the story or the picture. That is the key principle behind synthetic phonics, and it drove out illiteracy from West Dunbartonshire.

Mr. Chaytor *rose—*

Mr. Gibb: I shall not give way, because of the time.

My hon. Friend the Member for Braintree (Mr. Newmark) is right to point out that our principled approach to supporting the Government's education Bill last year—it would have failed without Conservative votes—is key evidence of this party's commitment to genuine reform.

My hon. Friend the Member for Beverley and Holderness (Mr. Stuart) is right that education is the key to social mobility, which is why we must focus on raising standards and on reform.

My hon. Friend the Member for Upminster (Angela Watkinson) referred to the ROSE project at Havering college, which I went to see a couple of weeks ago. That fantastic programme trains young people who have moderate and severe learning difficulties to enter the world of work and hold down real jobs. I met a young woman who has severe learning difficulties. She was stocking cereals in Sainsbury's with a ROSE project job adviser standing by. I hope that this inspiring programme will be replicated elsewhere.

My hon. Friend the Member for Forest of Dean (Mr. Harper) is right to be alarmed by the local authority polygon approach to local small primary schools, which can have the perverse result of closing excellent schools. He is right to say that the surplus places rule is a drag on attempts to raise standards, which is why yesterday my hon. Friend the Member for Surrey Heath and I, with our right hon. Friend the Leader of the Opposition, announced that we would create a new category of academy that will be significantly easier to establish. No longer will the existence of the surplus places rule be a barrier to setting up an academy.

The fact that an education authority has surplus places in a number of its schools must be a sign that parents are unhappy, and new academies should be targeted on those areas. We want to make it easier for educational charities, philanthropists, livery companies and groups of parents to set up schools and to have access to capital and revenue funding. We want to give additional incentives to establish schools in deprived areas, with a pupil premium diverting extra resources directly to schools that accept children from poorer areas. We want to remove the bureaucratic restrictions and planning laws that make setting up a new school so difficult.

Conservatives are genuinely committed to the academies programme and to significantly raising standards in all our schools. We are committed to setting children by ability so that the most able can be stretched and the least able given time and space to learn. We are committed to ending the disgrace that one in five children leave primary school unable to read properly. We are committed to improving behaviour in schools, so that they can be calm, safe places where children enjoy learning. Last week's Ofsted report pointed out that four in 10 children wished that their classmates would be quieter and better behaved. Poor behaviour is a key factor in driving teachers out of the profession.

[Mr. Gibb]

Conservatives are committed to educational reform and to higher standards in all our schools. With fewer than half of 15-year-olds achieving five or more good GCSEs, including English and maths, and with 40 per cent. of 11-year-olds leaving primary school without having grasped the basics of reading, writing and maths, now is not the time to backtrack on reform. Now is the time to take reform further forward, but that is not on the agenda of the Secretary of State or the Government. For real improvements in standards in our schools we will have to wait for a Conservative Government, committed to reform and an educated society.

3.47 pm

The Minister for Schools and Learners (Jim Knight): It is a pleasure, as ever, to respond to another debate on schools reform. A bit like Tory flip-flops on school policy, they come around fairly regularly these days.

The debate has been illuminating on an Opposition motion that is a bit like the schools policy they announced yesterday—as much about what it does not say as about what it says. There was nothing about early years learning at one end or how to tackle the problems of those not staying on at the other. There was nothing on ending the divide between vocational and academic learning that my hon. Friend the Member for Bury, North (Mr. Chaytor) talked about. There was nothing on narrowing the attainment gaps between boys and girls, people of different ethnicity and people with different educational needs. There was no judgment from the hon. Member for Surrey Heath (Michael Gove), no vision—just froth. There were no answers to the challenges our country faces and no policies to build on the steady improvements in education over the past 10 years.

The motion is all about academies because the Conservatives want to talk about their brave new policy on new academies—a policy funded by a smash and grab raid on our programme to replace every secondary school in the country. They would take more than £4.5 billion from the building schools for the future programme and create uncertainty for two thirds of the schools in England about whether they would be the one in seven left out of that transformational programme. Which five of the 34 secondary schools in Dorset will miss out? Which of the 33 in Oxfordshire, or the 40 in West Sussex? Will the hon. Member for Surrey Heath tell his constituents which seven of the 53 secondary schools in Surrey will not be rebuilt? We heard earlier about Shropshire, Herefordshire and Stockport, where three, two and two schools respectively will not be rebuilt.

The Conservatives cannot take that much money out without cost. I have to tell the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) that they cannot create 220,000 new places without using them to replace underperforming schools and without incurring a cost. In my constituency, and in many others that are later in the BSF programme, we shall keep asking the Opposition the same question: who misses out? Which parents and children will lose out to pay for the excess places?

Academies have been a transformational reform. In the areas that need it most, for the children who need it most, they have replaced schools that have let communities down. Their results are improving faster than those of any other type of school, as we heard from the hon. Member for Bognor Regis and Littlehampton. That is why we announced new academies and new sponsors today. That is why we have opened 83 academies, with more than 300 more to come.

Academies are a means to an end. They stand alongside our other reforms, which include the new discipline powers created following the Steer report, the consistent roll-out of synthetic phonics introduced following the Rose review, one-to-one tuition in the basics, extended schools with catch-up and stretch classes, and a new flexible and engaging secondary curriculum that will start in September. New qualification choices will be introduced for 14 to 19-year-olds, such as the diplomas that will combine academic and vocational learning in a new style of teaching. That approach was opposed by the Conservative party.

Our reforms also include raising the age to which people must carry on in some form of education. That was also opposed by the Conservative party. New providers from the public, private and voluntary sectors are running and partnering schools. We have parent schools, academies, trusts, faith schools and, of course, community schools. We have the vision to match today's and tomorrow's challenges, while the Conservative party is limited to coming up with headlines for the papers.

The hon. Member for Surrey Heath began with a quotation from St. Francis of Assisi—the same quotation that Mrs. Thatcher used on the steps of Downing street. My hon. Friend the Member for Livingston (Mr. Devine) tells me that when Mrs. Thatcher was uttering those immortal words the hon. Member for Surrey Heath was organising a strike at *The Press and Journal*. Perhaps that demonstrates the beginnings of some interesting judgment.

Michael Gove: I was only 12 at the time.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to interrupt, but I am keen to hear the Minister. He is being drowned out by a lot of noise on both sides of the House. Perhaps it would be better to let him have a proper hearing.

Jim Knight: I am grateful to you, Mr. Deputy Speaker. I was quite enjoying the audience response.

Mr. Graham Stuart: Will the Minister give way?

Jim Knight: I might come back to the hon. Gentleman, if I have time.

We had a debate about how we keep creationism out of science in independent schools. That is one reason why the national curriculum programmes of study for science, as well as for maths, English and IT, now apply to academies. Beyond those subjects, academies have curriculum freedom. The Conservative party has no answer to the question how it will regulate new academies to prevent intellectual perversions such as creationism from entering science lessons.

Mr. Gibb: There is no evidence that any independent school teaches creationism. However, is the Minister aware that the biology syllabus offered by one of the three exam boards contains a segment on discussing creationism?

Jim Knight: I am aware of that. That syllabus requires the difference between science and the discussion of science to be made clear. The hon. Gentleman still has not come up with an answer to the question how the Conservative party would regulate new academies—

Mr. Gibb: I did, but the Minister clearly was not listening. Section 157 of the Education Act 2002 does that.

Jim Knight: It does not apply to independent schools.

The Mossbourne academy, as the hon. Gentleman rightly said, is an absolutely superb school. The Conservatives launched their document there yesterday. It follows the national curriculum very closely.

The hon. Member for Yeovil (Mr. Laws) asked whether local authority-sponsored academies would appoint principals and about the nature of governor involvement in those academies—for example in Manchester, where a Labour authority is sponsoring academies. Rather than appointing one governor, the local authorities that sponsor academies will appoint two. They would still be in a significant minority, while the private sector sponsor would appoint the majority of governors.

Mr. Laws: Will the Minister give way?

Jim Knight: I do not think that I have time.

My hon. Friend the Member for Huddersfield (Mr. Sheerman) talked about the importance of a systematic method for teaching reading. As a result of the Rose review, we think that that is synthetic phonics, but I always listen to my hon. Friend with care.

The hon. Member for Forest of Dean (Mr. Harper)—42 schools in his constituency are under threat from the BSF cuts proposed by his party—talked about a number of matters. He said that when schools face falling rolls they should close. I assume, therefore, that he is against our presumption against closing rural schools. However, I agreed with what he said about aspiration. I gazed at the Public Gallery, and noticed that a bunch of children were admiring his comments about how informative tours of the House are.

My hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) asked whether he could meet me to discuss problems of school organisation in his area. I should be delighted to do so, and to add my voice to the congratulations directed at Sir William Atkinson on his work as head teacher of the Phoenix school. I was also pleased to hear my hon. Friend talk about the importance of neighbourhood renewal funding, Sure Start and extended schools. Rather than talking about schools in isolation, we have to get things right for children in all the contexts in which they live and are supported by public services.

I was pleased to hear the hon. Member for Braintree (Mr. Newmark) talk about special educational needs, although it is unfortunate that no other Opposition Member did so. I have looked at the 50-odd—and I use the word "odd" advisedly—pages of the Conservative green paper, and only one paragraph of it mentions SEN. That is only one of the many gaps in that document, and I am sure that the hon. Gentleman will raise concerns with his party about the exclusion policy that it sets out. We know that exclusions disproportionately affect people with SEN, especially those with complex conditions. Such problems can be difficult to diagnose, and members of the work force sometimes struggle to understand them properly. Students in those circumstances can be seriously disadvantaged by exclusion and, if they do not have the right of appeal, they have no opportunity to raise their concerns unless they can afford to go to court.

Michael Gove: Will the Minister give way?

Jim Knight: I would love to, but I do not have time.

I join my hon. Friend the Member for Bury, North in congratulating Elton high school, its head, Neil Scruton, and the head of its governors, Jeff Coles, on the job being done for his constituents. I agree that it is important that parents should choose schools, rather than the other way around. As ever, my hon. Friend stimulates us to think carefully about the words that we use in education debates, and I was especially struck by what he said about the use of the words "vocational" and "academic". The Government envisage that diplomas will bring out the academic best in young people, through the motivation to learn that work-related learning supplies. The way to bridge the gap between those two alternatives is to mix the best elements that each offers.

My hon. Friend the Member for Bury, North asked a series of questions. Being limited in the amount of time available today, I shall do my best to answer them in a letter.

The hon. Member for Beverley and Holderness (Mr. Stuart) made it clear that he thinks that his party should put the country first when it comes to education, and I believe that he used the phrase "country before party". A year ago, after some civilised and informed debates, Government and Opposition Front Benchers were near to agreement on that, and it is the hon. Member for Surrey, Heath who is constantly trying to define difference rather than putting his country first. If he believes that the policies in the green paper will do anything for social mobility, he needs to read the document more carefully.

The hon. Member for Bognor Regis and Littlehampton said that all hon. Members want prescription. I am glad that he acknowledges that there is a clear role for regulation and that all schools should adopt best practice, as enforced by Ofsted. Essentially, that is how most of the regulation passed by the House in respect of schools is enforced already, so that is another example of the Opposition borrowing our clothes. As for city technology colleges, the previous Conservative Government managed to establish 15 such colleges in their 18 years in power, whereas this Government have established 83 academies in 10 years. After 13 years, we will have 230, so I think that we are doing a little better in that respect.

We have had an engaging debate this afternoon, and it has given us another chance to go around the track and discuss leadership and the confusion evident in the Conservative party. We have been able to show the Government's vision and the Opposition's division. We lead on articulating the challenges that children face, as set out this week in the evidence given in respect of our

[Jim Knight]

children's plan. We lead on setting out our answers to those challenges, both now and when the plan is published.

The Opposition have changed their minds about the critically important standard for reading. In September, they proposed that children should be kept back at 11, whereas now they say that they should be tested at six. They offer no answers as to where those branded failures at six will go—perhaps they will go to the sin bins along with the pupils who are excluded and unable to afford to appeal in court.

We led Conservative Front Benchers to abandon their support for selection, although that support is as strong as ever among their Back Benchers and in the shires. They still cannot answer the Buckinghamshire question, first raised by the hon. Member for Beaconsfield (Mr. Grieve), but their next change of heart must be their raid on BSF, to bypass local authorities. The unregulated creation of new schools might work for the privileged few who can get it together—I have set up co-operatives; I know how tough it can be—but that will fail the many in disadvantaged areas, and it will be paid for by areas elsewhere in the country that need new schools after decades of under-investment. That is why we should oppose this flawed Tory motion and back the Government amendment: back vision, back reform, back leadership and reject flip-flopping froth from an Opposition who have failed on reform.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 166, Noes 358.

Division No. 6] **[4 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Cameron, rh Mr. David
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howarth, Mr. Gerald
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Rosindell, Andrew
Scott, Mr. Lee
Shapps, Grant
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. Richard Benyon and Mr. Crispin Blunt

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger

Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cable, Dr. Vincent
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Elliman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Fitzpatrick, Jim
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kidney, Mr. David
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oaten, Mr. Mark
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack

Stringer, Graham	Watts, Mr. Dave
Stuart, Ms Gisela	Webb, Steve
Stunell, Andrew	Wicks, Malcolm
Sutcliffe, Mr. Gerry	Williams, rh Mr. Alan
Tami, Mark	Williams, Mrs. Betty
Taylor, Ms Dari	Williams, Mark
Taylor, David	Williams, Mr. Roger
Taylor, Matthew	Williams, Stephen
Taylor, Dr. Richard	Willis, Mr. Phil
Thomas, Mr. Gareth	Willott, Jenny
Thornberry, Emily	Wills, Mr. Michael
Timms, rh Mr. Stephen	Wilson, Phil
Tipping, Paddy	Winnick, Mr. David
Todd, Mr. Mark	Winterton, rh Ms Rosie
Touhig, rh Mr. Don	Woodward, rh Mr. Shaun
Trickett, Jon	Woolas, Mr. Phil
Truswell, Mr. Paul	Wright, Mr. Anthony
Turner, Dr. Desmond	Wright, David
Turner, Mr. Neil	Wright, Mr. Iain
Twigg, Derek	Wright, Dr. Tony
Vaz, rh Keith	Wyatt, Derek
Vis, Dr. Rudi	Younger-Ross, Richard
Waltho, Lynda	**Tellers for the Noes:**
Ward, Claire	**Tony Cunningham and**
Watson, Mr. Tom	**Mr. Sadiq Khan**

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MR. DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House notes that investment and reform in schools since 1997 has raised standards and cut the number of underperforming schools, with 100,000 more 11 year olds reaching the required level of literacy than 10 years ago and the number of schools where less than a quarter of pupils achieve five good GCSEs cut from 616 in 1997 to just 26 today; further notes that 83 Academies have already opened, with 230 to be opened by 2010, with more to come as the Government accelerates its successful Academies programme; confirms that over 30 schools became Trust schools in September with over 170 more in the pipeline; welcomes the Government's Building Schools for the Future programme which will rebuild or refurbish every secondary school in the country; and supports further reforms to extend educational opportunity for all and not just some, including the introduction of Diplomas and, alongside an expansion of apprenticeships and enhanced support for 16 and 17 year olds through the Education Maintenance Allowance, raising the education and training age to 18 by 2015.

Mr. Deputy Speaker: Report reached me during the Division that the Division Bells were not ringing in the area of the North Curtain Corridor and are unlikely to be operational again during the course of this sitting day. I allowed extra time before the doors were locked on the last occasion, and no doubt we will do the same thing when it comes to any further Division that the House may have.

Health Care-Associated Infections

Mr. Deputy Speaker (Sir Alan Haselhurst): We now come to the second debate on the Opposition motions. I must inform the House that Mr. Speaker has selected the amendment in the name of the Prime Minister.

4.16 pm

Mr. Andrew Lansley (South Cambridgeshire) (Con): I beg to move,

That this House supports NHS staff in their efforts to minimise healthcare associated infections; notes with distress the failings disclosed in the report by the Healthcare Commission into the outbreaks of clostridium difficile at Maidstone and Tunbridge Wells NHS Trust; deplores the failure by the Department of Health to secure new leadership at the Maidstone and Tunbridge Wells NHS Trust at an earlier stage; regrets the repeated failure of the Government to ensure compliance with proven methods of containing infections, including screening prior to admission, adequate isolation facilities and optimum bed occupancy rates; and calls on the Government to support NHS bodies in implementing zero tolerance strategies for healthcare-associated infections.

Time and again, we have brought Ministers to the Chamber to try to get action to combat infections in hospitals. Time and again, they stand at the Dispatch Box and say that that is a priority. Time and again, the independent evidence shows their subsequent failure to do what is proven to be needed. The Healthcare Commission's report on the outbreaks at Maidstone and Tunbridge Wells NHS Trust is only the latest, although possibly the worst, example of such reports.

When we brought the Secretary of State to the House to comment on the report, he said that that was an exception, but in 2005, the latest year for which we have figures, 3,807 deaths were reported to be associated with clostridium difficile, and 1,629 with MRSA. In 2006 some 20 NHS Trusts had C. diff rates higher than those reported at the Maidstone and Tunbridge Wells NHS Trust, although I hope that very few of those trusts are responsible for the kind of failings that were disclosed at Maidstone.

The purpose of the debate is once again to demand that the Government implement the comprehensive strategies against hospital-acquired infections that they have been advised to pursue for years. In particular, we hold the Secretary of State to account for his failure to act in relation to the failings at Maidstone and Tunbridge Wells. In our motion I have focused on three main topics—screening, isolation facilities and bed occupancy rates. I acknowledge that there is much else that will form part of a comprehensive strategy, including an antibiotic regime, high cleaning standards, improved hand hygiene, surveillance and new technologies for antimicrobial techniques and surfaces. I set out much of that in our previous debate in January, but I draw attention to the three matters that I mentioned, over which the Government could exercise influence through investment and policy.

In the chief medical officer's report "Winning Ways", published in December 2003, he stated:

"Some countries have been particularly successful in controlling MRSA.. Notable is the experience of the Netherlands. The Dutch strategy has been based on a policy of 'search and destroy'. This involves screening patients for MRSA and isolating those found to be positive. . .The Dutch have been able to set aside sufficient

numbers of single rooms in modern hospitals and maintain a high healthcare worker to patient ratio. As a result, this approach has been remarkably successful."

So for nearly four years—I am sure hon. Members sometimes get tired of hearing us go on about it—based on that evidence, we have been calling for a search and destroy strategy.

If the Government had listened to the chief medical officer in the first place, and latterly to us, we would be halfway through the process of removing endemic infections, particularly MRSA, in our hospitals, and we would be halfway to achieving some of the MRSA rates experienced in the Netherlands and Denmark, and, as the European antimicrobial resistance surveillance survey published Europe-wide this week suggests, we would have made greater progress in the same direction as France has done. Thus far, however, we have not matched its performance.

Dr. Julian Lewis (New Forest, East) (Con): Does my hon. Friend recall the case that I raised at Health questions a few days ago? A decorated RAF war hero in my constituency nearly died after contracting C. difficile in Southampton general hospital following a routine operation. Does my hon. Friend think that the reason for the inaction is that the people who suffer so much—and in many cases lose their lives—are of a certain age? If such things happened to people of middle age or younger, perhaps the Government would feel it necessary to take firmer action and act more decisively. Is not a form of ageism at work in respect of the problem?

Mr. Lansley: I recall my hon. Friend's question, and I fear that he may be right, although I wish he were not. It is clear from the report on Maidstone and Tunbridge Wells NHS Trust that some of the same infection control issues were manifested in the lack of response to issues of privacy and dignity. That, of course, impacts disproportionately on the very elderly. Although C. difficile is not confined to the very elderly, they are particularly at risk. I share my hon. Friend's concern.

A search-and-destroy strategy would clearly take several years to achieve its aims, just as would a zero-tolerance approach in respect of C. difficile; we face increasing risks from new strains and from community-acquired infections. I do not discount the simple fact that even with such a strategy, there is a continual fight against the reintroduction of infection. However, an aggressive strategy of that kind is even more necessary now, as those more virulent strains become evident.

Angela Browning (Tiverton and Honiton) (Con): I want to pick up the point about elderly people who contract MRSA and other infections. Some of the most common sites for such infections are leg ulcers, which are very frequent among older people, whether they are admitted to hospital, in residential care or seen by practice nurses in the community. Does my hon. Friend agree that, as leg ulcers are so open and likely to acquire such infections, we should not only tend to their healing, but concentrate more on the issue of leg ulcers among the elderly, so that we can see whether they have acquired those diseases?

Mr. Lansley: I am grateful to my hon. Friend. She and other Members may recall the work being pioneered by Ellie Lindsay, a former nurse of the year, in East Anglia. She has set up leg ulcer clubs and sought hard to persuade primary care trusts to operate precisely the focus that my hon. Friend mentioned. Unfortunately, Ellie Lindsay has had less success than she would have wished for. However, she is fighting to achieve what my hon. Friend mentioned.

Dr. Brian Iddon (Bolton, South-East) (Lab): The measures that the hon. Gentleman is outlining are fairly obvious, and they are critical. However, is not the real problem antibiotic resistance? Unless we tackle that at root by promoting more research, we will be stuck with the problem for a long time. Can the hon. Gentleman tell us what research was instituted by the Conservative Government to persuade the pharmaceutical industry and Government laboratories to crack that major pharmaceutical problem?

Mr. Lansley: The hon. Gentleman may say that the measures are obvious, and they may be obvious to him, but they were not as obvious as they should have been in the Maidstone and Tunbridge Wells NHS Trust. From memory, I think that only about 7 per cent. of the appropriate C. difficile patients received access to Vancomycin. We have to make sure that the available antibiotics regimes are being used. In the majority of cases that it reviewed, the Healthcare Commission found that broader-spectrum antibiotics were being used when narrower-spectrum ones were available. Of course there is a need for research and the constant addition of techniques to deal with the problems.

Mrs. Madeleine Moon (Bridgend) (Lab): Does the hon. Gentleman agree that, especially when we talk about ulcers, there is more to consider than broad-range antibiotics? There are other, effective ways of dealing with leg ulcers in particular. I am thinking of the surgical maggots available from ZooBiotic. They not only clean the wound, but combat the MRSA. The overuse of broad-spectrum antibiotics in dealing with infection in leg ulcers sometimes exacerbates the problem.

Mr. Lansley: I am grateful to the hon. Lady. I recall her Adjournment debate on that subject earlier this year, which clearly caught the interest of the House. Where C. difficile is concerned, staff in the NHS need to be extraordinarily well aware of the risks that they run with broad-spectrum antibiotics, particularly when they are combined with proton pump inhibitors, because the combination of those two things can leave patients very vulnerable to the consequences of C. difficile infection and its proliferation. The hon. Lady refers to one way of combating that, but another would be the use of probiotics, which has been pioneered in Nottingham.

The hon. Member for Bolton, South-East (Dr. Iddon) talked about things being obvious. Some of the things on which we should focus have been obvious for a long time—the point is that those things have not been done. Let us take the screening of patients for admission. Ministers have repeatedly told the House that they are in favour of screening at-risk patients, but it was not until September this year that they came to the House to say that they supported the universal screening of

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admissions. I welcome the fact that they have now done that, albeit that it is nearly three and a half years since we called for it to happen.

This is not the first time that the Department of Health has advised that. Last November a best practice code was published, which said:

"The logical conclusion of risk factor assessments and the results of modelling studies is that the most appropriate approach to the reduction in MRSA carriage in the population, and resultant MRSA infection, is the universal screening of all admissions to hospital".

Now, a year later, Ministers tell us that they are going to put in place the resources to support screening; we said during the general election that that should be done and that the necessary technology should be supported.

The hon. Member for Bolton, South-East mentioned research; we said that there should be research and support for new technologies to deliver rapid screening, so that when one is in a ward and asks staff about the process of managing patients, one does not find that it will be two days before they are in a position to be able to access results and know whether patients are infected.

In the past few weeks, I have had responses to freedom of information requests that I made of hospital trusts, and the results are deeply disappointing. Only 2 per cent. of trusts said that they screen all patients for MRSA, only 32 per cent. of trusts can provide any data on the number of patients screened, and not one trust collects data on whether patients are isolated following a positive MRSA screening result. None offered data on whether, if a patient was screened and found to be positive, they would as a matter of course be put in a single room or isolated. I am afraid that that rather accords with the findings of the Health Protection Agency, which were published by the Department just a couple of weeks ago, although not with a press release. The HPA said that nearly one third of trusts did not screen all patients, only 60 per cent. screened all previously MRSA-positive patients, and only 55 per cent. screened all patients from nursing homes, despite that being a high-risk factor. It is all very well to say that there should be screening of admissions, including emergency admissions, but that has been said before and it has not been done. We want to see results.

On the isolation of patients, Pat Troop, chief executive of the Health Protection Agency, said:

"The most effective way of controlling the spread of both Staph. Aureas and MRSA is through early detection and appropriate isolation and treatment."

In 2004, the National Audit Office noted that many trusts had undertaken a risk assessment but only a quarter had obtained the required isolation facilities. The study published by the Department last month said:

"Three quarters of Trusts indicated that they had problems implementing isolation policies due to inadequacies in the number and fitness for purpose of isolation rooms."

What about bed occupancy? In April 2001, the Government said, in response to the Public Accounts Committee:

"Health Authorities should plan bed numbers in order to achieve a bed occupancy rate of no more than 82 per cent. in 2003-04."

What happened after that? The bed occupancy rate went up. It is still at 84.5 per cent., and in many parts of hospitals, it is way above that.

Martin Horwood (Cheltenham) (LD): Cheltenham's private Nuffield hospital might agree with the hon. Gentleman, because it told me that it credited its virtually zero rate of infection to two policies: aiming for a 70 per cent. bed occupancy rate, and not outsourcing its cleaners. Does he now bitterly regret that his party, when it was last in government, pursued the exact opposite policies, which led to more than 90 per cent. bed occupancy rates and the outsourcing of cleaning staff?

Mr. Lansley: The point that I am making is that the Government were aiming for 82 per cent.—I would not aim below that—and they have not got there.

The Secretary of State for Health (Alan Johnson): That was a good intervention.

Mr. Lansley: Does the Secretary of State think that that was good? He might like to tell the hon. Member for Cheltenham (Martin Horwood) that there were serious inadequacies of cleaning at Maidstone and Tunbridge Wells, but that the cleaning contract was not outsourced. In reply to questions, the Secretary of State and Ministers consistently say that there is no evidence to support the proposition that outsourced cleaning is necessarily any better or worse than in-house cleaning.

Mr. Lindsay Hoyle (Chorley) (Lab): Will the hon. Gentleman give way?

Mr. Lansley: No, I am not going to give way; I am moving on.

Let me make it quite clear that bed occupancy rates are too high. In the past year, the Government have reduced the number of acute and general beds in the national health service by the largest proportion since 1982. We saw a reduction of 6,000 acute and general beds, which has taken us down to a figure of 127,000 such beds, when the NHS plan said that there would be a 2,000-bed increase to take us up to a figure of 135,000. There is a very big gap. Last year, *The Independent* said that the Department had conducted a review suggesting that reducing bed occupancy to a maximum of 85 per cent. would save 1,000 cases of MRSA a year. Apparently, according to speculation in the press, there are further factors that the Government know about, but which they have chosen not to publish. When the Secretary of State replies, perhaps he will tell us about some of those factors that the Department has found in its research.

Let me make something clear about these three factors. They are interrelated, and they require the Government to support investment in isolation facilities, as well as the policy change on screening. Screening requires more isolation facilities. It is no good having screening for admissions if there are insufficient isolation facilities available to back it up. Isolation requires more single rooms, and therefore more beds. It is no good the Government going down the road that they propose, if they are cutting beds at the same time, and if nurses do not have time to clean beds before patients are admitted.

Those three things go together, and the Government do not appear to understand the necessity for a comprehensive strategy.

I shall just take a moment to talk specifically about Maidstone and Tunbridge Wells NHS Trust. I find it astonishing that the Government's amendment does not mention the outbreak of C. difficile at Maidstone, or the report. It really should. The House will recall the appalling failings in the standard of care provided. They were probably, or definitely, the main cause of death of approximately 90 patients, and they may have contributed to the deaths of approximately 270 patients in the period up to September last year. The failings were many.

Of course, some of the reporting concentrated on the failings of the nursing care, and they were severe, but we must be aware of the nurses' point of view. Given the intense pressures, very limited access to additional staffing—staffing numbers were going down—and bed occupancy rates of 90 per cent. or more, they find it hard to take the fact that they are held responsible for the poor professional standards when the management were putting them under intolerable pressure. The report discloses serious failings at every level: on antibiotic prescribing, which we were talking about; on lack of training; on the failure to establish an isolation ward for four months; and on simply admitting the scale of the problem. The public in west Kent were simply not told about the nature of what was going on.

Mr. James Gray (North Wiltshire) (Con): Does my hon. Friend agree that it is terribly important that hospitals own up to the size of problems? I am dealing with a case in the Royal United hospital in Bath—I am looking forward to visiting the hospital on Friday to talk further about it—which is denying that there were any cases of MRSA at all during September. However, I know that my constituent, Mr. Don Stevenson of 8 Hatton way, Corsham, went down with MRSA on 8 September. Surely it is wrong that hospitals are denying the facts. They must face up to them, and deal with them.

Mr. Lansley: That is extremely important. The code of practice, which we debated in the House a year ago, and which Ministers said would solve those problems, specifies in terms that there must be openness and information to the public about infection rates. It is quite astonishing that in a press release the management of the Maidstone and Tunbridge Wells NHS Trust tried to claim that infections had been brought in from the community. Only a small proportion of infections were acquired that way, so it was an outrageous claim.

Astonishingly, senior managers—the director of nursing and the chief executive—at one point denied to the Healthcare Commission that it was the trust's policy not to cohort patients for nursing. Contrary to the guidelines, that was exactly what was being done, but they did not seem to realise that, so management failings were extraordinary.

In the light of its findings earlier this year, the Healthcare Commission knew that there were significant failings in the management of the trust—but it was not until the publication of the report that the chairman and the chief executive resigned. More recently, non-executive directors and the former director of nursing have resigned. No one who saw the commission's report when it was presented to the Department of Health in May could have come to any conclusion other than that the failings in the trust's management and leadership were so great that they needed to be replaced.

The Secretary of State says that he was not asked to replace the management by the Healthcare Commission, so he did not do so. He hides behind the commission. He has instituted an independent leadership review, even though it will not serve any purpose, because the leadership has failed and its members are disappearing. One of them took a large severance payment, which the Secretary of State claims that he can stop—I doubt that he can—and the leadership is not in place in Maidstone and Tunbridge Wells to follow up the report and demonstrate to the public's satisfaction that there is new leadership in place. It will take far too long for that leadership to be put in place, but it should have been put in place in May, when the findings were first presented to the Department.

Greg Clark (Tunbridge Wells) (Con): Does my hon. Friend share my concern that the new chief executive appointed to turn the trust has a part-time appointment, and is responsible, too, for the Ashford and St. Peter's Hospitals NHS Trust? Is that the level of commitment that he would expect to turn around the problems in our trust?

Mr. Lansley: My hon. Friend makes an important point. If the Secretary of State had taken the action clearly indicated in the report and used his powers under section 66 to remove or suspend the board and put new leadership in place, my hon. Friend and his constituents would know that that leadership would be permanent and would take the necessary action. However, the Secretary of State did not do that. He hides behind the Healthcare Commission, but that is not its responsibility. It should investigate problems and report on them. It is the responsibility of the strategic health authority in the first instance, the NHS chief executive in the second instance, and Ministers in the third instance to exercise the power of performance management and, if necessary, to intervene. They have the powers under NHS legislation, but they did not use it.

The Minister of State, the hon. Member for Exeter (Mr. Bradshaw) is always telling me that a consequence of our policy would be a lack of accountability to Parliament. Ninety patients died—*[Interruption.]* Indeed, since September 2006, there have been further deaths associated with C. difficile at the Maidstone and Tunbridge Wells NHS Trust this year. Who has come to the House to be held accountable for that? If Ministers are genuinely accountable, they should have used the powers that they claim are so important and done something about the problem. If they are not prepared to use them in those circumstances, in what circumstances would they use them?

Part of the report entitled "Developments since the investigation was announced" describes "musical chairs" among senior executives. There were further outbreaks of C. difficile in January in the Kent and Sussex hospital; in April at Maidstone and Tunbridge Wells; and in May and June there were 45 new cases of C. difficile at Maidstone, and nine deaths. I am not arguing that the

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failings disclosed up to September 2006 have continued to anything like the same extent, but it is perfectly clear from the report that things that should have been done have not been done. The policies were not shown on the departmental intranet. Earlier this year, the Healthcare Commission said that it was still observing patients with diarrhoea on open wards, and it saw patients with MRSA being barrier-nursed on such wards.

What was done to ensure that the new management at the Maidstone and Tunbridge Wells NHS Trust was in place at the right time? The Secretary of State did not take the action that he should have taken. He should be accountable to the House for that simple fact.

Mr. David Burrowes (Enfield, Southgate) (Con): Is not the Government's response to C. difficile complacent? When the subject was considered in January, the Government failed to mention C. difficile in their amendment to an Opposition motion. Are not they simply responding to the Healthcare Commission rather than the pleading of people such as my constituent Graziella Kontkowski and the C. difficile support group?

Mr. Lansley: I recall the occasion that my hon. Friend mentions, and also his Adjournment debate on the subject. The Government said nothing about C. difficile and, when we challenged them about what they would do, it was obvious that they had targeted MRSA and that C. difficile rates had risen because of lack of action on, for example, hand washing. They said that they did not believe that it was right to have a national target; a central target was wrong. They claimed that the targets had to be local because there was such local variation in C. difficile. Ten months later, the Secretary of State came to the House to say that central targets were essential. The Government have no comprehensive strategy and cannot even manage, in the space of a year, to maintain a consistent policy. The Conservative party has a strategy and a policy, which we would be prepared to pursue.

The amendment states that

"healthcare-associated infections (HCAIs) are a worldwide problem".

Indeed, they are. However, a Europe-wide survey shows that places such as Denmark and the Netherlands have succeeded with MRSA where we have failed. Even the French and the Slovenians have moved substantially in the right direction, whereas, according to the European Antimicrobial Resistance Surveillance Survey, we are moving in the wrong direction.

The Government had a policy of "bare below the elbows". That is good, but their document states that

"it seems unlikely that uniforms are a significant source of cross-infection."

They have a deep clean policy, but a press release that the Department published in September claimed that trusts were, in any case, conducting a deep clean on a ward-by-ward basis. Although the Prime Minister announced the policy, we found that no follow-up or evaluation was intended, and that it is only now that the Department is trying to put in place some structure for deep cleaning.

Yet in 2000 the NHS plan pledged

"a nation-wide clean-up campaign throughout the NHS starting immediately".

The right hon. Member for Darlington (Mr. Milburn) said in 2001:

"This extra money will help get the basics right. It will drive forward the biggest clean-up campaign there has ever been in NHS hospitals."

The right hon. Member for Airdrie and Shotts (John Reid) said in 2004, when he was Secretary of State:

No stone is being left unturned in the battle against the superbug. We are improving cleaning standards, rolling out cleanyourhands and making sure infection control is a fully staffed priority for every NHS trust".

He said that approximately two months before the outbreak at Maidstone and Tunbridge Wells began, in circumstances in which nursing staff were not capable of delivering that priority.

We are told that there are to be 3,000 extra matrons. What is the evidence base for that decision? How long was it in gestation? Where is the consultation document for the Royal College of Nursing to consider its appropriateness? Why a matron for every two wards—why not a matron for every three or four wards? Where did that policy originate? Is it a case of what *The Lancet* described as

"Politicians...pandering to populism about hospital cleanliness"

and not listening to the evidence?

The Government claim that they want targets, but 45 per cent. of trusts said that they had difficulty reconciling the targets for accident and emergency attendance with those for hospital-acquired infection. The amendment is too little, too late. The Government say that targets are essential, yet they get in the way of NHS staff doing what they need to do. We need a strategic approach, the resources to help NHS staff achieve the goal and time for change. I commend the motion to the House.

4.44 pm

The Secretary of State for Health (Alan Johnson): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"recognises that healthcare-associated infections (HCAIs) are a worldwide problem; acknowledges that the recent Comprehensive Spending Review settlement for the NHS includes £270 million to tackle HCAI; welcomes the initiatives the NHS is taking to manage infection control, including a new "bare below the elbows" dress code, new clinical guidance to increase the use of isolation for infected patients published in September, every hospital to undertake a deep clean as part of a wider drive for a culture of cleanliness, matrons and clinical directors to report directly to trust boards on infection control and cleanliness, annual infection control inspections of all acute trusts using teams of specialist inspectors, and MRSA screening for all elective admissions next year; further welcomes the introduction of legislation for a new health and adult social care regulator with tough powers to inspect, investigate and intervene in hospitals that do not meet rigorous standards for cleanliness and a new legal requirement on chief executives to report all MRSA bacteraemias and clostridium difficile infections to the Health Protection Agency; believes that centrally determined targets for tackling HCAIs are the most effective way of ensuring infection levels are reduced in every hospital; notes that as a consequence MRSA bloodstream infection numbers are falling; and welcomes the Better Care for All PSA Delivery Agreement, which sets two new targets for the period 2010-11 to keep MRSA bloodstream infections below half the numbers of 2003-04, and to deliver a 30 per cent. reduction in clostridium difficile infections from the numbers in 2007-08."

This is an important debate. Patients have a right to clean and safe treatment wherever they are treated in the NHS. Safety in health care, an essential element of every medical procedure, must be our priority. We have put in place a wide-ranging series of measures to tackle infections and improve cleanliness.

Health care-associated infections are acquired as a consequence of treatment for a medical condition. The problem is not new, nor is it unique to the UK. HCAIs affect every health service in the world, and prevalence in the UK is similar to that in other developed countries. For example, the rate of HCAIs is 9 per cent. in England, while rates vary between 6 and 10 per cent. in France and between 5 and 10 per cent. in the United States. The hon. Member for South Cambridgeshire (Mr. Lansley) mentioned Holland, which has enjoyed good success in tackling MRSA, but its rate of health care-associated infections is 7 per cent., which is very close to the rate in the UK.

The two major health care-associated infections in the UK are MRSA and clostridium difficile. MRSA is a bacterial infection that is resistant to commonly used antibiotics. It can infect surgical wounds and ulcers and, more seriously, can cause bloodstream infections. Clostridium difficile is a bacterium that naturally lives in the gut. Again, it particularly affects the elderly. When antibiotics kill off normal, healthy bacteria, the consequences can be severe, so antibiotic prescribing policies are even more important in controlling the disease.

Norman Lamb (North Norfolk) (LD): The Secretary of State has rightly described the two main hospital acquired infections, but there have been recent newspapers reports about pseudomonas and the suggestion of a 41 per cent. increase over the past four years. Although levels are still low, reporting is currently not mandatory. Is the Secretary of State concerned about that increase and does he think that there needs to be a change to mandatory reporting?

Alan Johnson: Pseudomonas is a growing concern. We need to consider closely whether there needs to be mandatory reporting. Pseudomonas particularly affects people with burns and those who are very ill with specific diseases. It is a growing problem that we need to ensure receives adequate attention.

The risk of getting MRSA or C. difficile is low. Last year, there were just under 56,000 C. difficile infections and 7,000 MRSA bloodstream infections in our hospitals. That is still too many, but it has to be seen in the context of a health service that deals with 1 million people every 36 hours. The Government have introduced a range of measures to improve cleanliness and tackle infections. In 2001, we became the first country in the world to introduce mandatory surveillance of MRSA. We built on that in 2004, with the introduction of C. difficile surveillance for those aged 65 and over, the most vulnerable group of patients. In 2005, we enhanced the surveillance system for MRSA and earlier this year we extended C. difficile surveillance to every patient over two years of age.

Mr. Hoyle: My right hon. Friend may not be aware, but a company in my constituency called Carrington's has developed a fabric that kills MRSA. That could be a major battle winner against MRSA, so will he investigate whether it can be introduced further, into trusts other than those where it has already been trialled?

Alan Johnson: That may well be one of the 21 different new techniques and technologies that are being examined and trialled in some hospitals, to see whether the claims that the manufacturers make are borne out in practice.

We have the most comprehensive surveillance system in the world for health care-associated infections. The European Union is using our approach to C. difficile monitoring as its model, as it develops a pan-European approach to monitoring C. difficile. We have introduced a wide range of guidance and best practice procedures to support managers and clinicians to best meet the challenges of HCAIs. That includes the publication in 2003 of "Winning Ways", which provides a clear direction for the NHS on action to reduce the high levels of MRSA and C. difficile. In 2005, we launched the saving lives programme, a key initiative that all trusts have signed up to, in order to implement best practice to reduce infection rates. The programme was relaunched earlier this year to include best practice on antimicrobial prescribing and C. difficile high impact interventions. The clean your hands campaign, run by the National Patient Safety Agency, is now in its third year. All acute trusts are signed up to the campaign and the National Patient Safety Agency is now piloting an extension of the programme to other health and social care settings.

We have set up improvement teams in the Department of Health that are providing tailored support on MRSA and C. difficile. This summer, we doubled the number of these teams and, by the end of this month, they will have worked with 146 trusts. The work of the improvement teams has had a real impact on MRSA bloodstream infections in the trusts that they have helped.

We continue to set challenging targets to ensure that this issue remains a priority. Trusts are already working towards the nationwide target to halve the number of MRSA bloodstream infections by April 2008, and the latest data show that good progress is being made. Trusts will also be required to reduce the number of C. difficile infections by 30 per cent. as part of our new better care for all public service agreement.

Alongside this drive to reduce the rate of infections, there is a concerted effort to improve the cleanliness of our hospitals. High standards of cleanliness and hygiene are not just an important part of the drive to lower infections but a core part of what patients are entitled to expect from the NHS, day in and day out. In 2000, we introduced patient environment action teams, which assess annually every in-patient health care facility in England. The inspection covers hospital cleanliness, the quality of the environment, food and the issues of privacy and dignity. Thanks to the hard work of NHS staff, and to the priority that we have placed on this issue, hospital cleanliness has improved year on year since annual inspections first began more than seven years ago.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): In that context, does my right hon. Friend recognise the important work that has been carried out at the New Cross hospital in my constituency, which has moved from below average to the top of the league table? He presented an award to the hospital for that work this week. Will he congratulate the staff on the tremendous work that they have done in very difficult circumstances?

Alan Johnson: I wish that my hon. Friend had been at the *Health Service Journal* awards on Monday evening, in his penguin suit, when I presented the Secretary of State's award to Wolverhampton for its excellent work in this area. I congratulate him and, through him, his local trust on the work that it has done.

Greg Clark: Is the Secretary of State aware that the Royal College of Nursing has published 10 minimum standards for infection control, one of which is the adequate provision of changing facilities for staff in every hospital? Does he endorse that minimum standard and, if so, what is he doing to ensure that the Kent and Sussex hospital, which lacks those basic changing facilities, can have them?

Alan Johnson: That is an important aspect of this issue. This is not something that we believe that we should drive centrally, however, although there are other issues over which we should have central control. It is up to the local trusts, including the trust of which the Kent and Sussex hospital is a part, to ensure that there are proper changing facilities. I shall say more about that trust later, because I know that the hon. Gentleman has taken a keen interest in these matters on behalf of his constituents, who were so appallingly affected by the Maidstone and Tunbridge Wells report.

Adam Afriyie (Windsor) (Con): I wonder whether the Secretary of State could enlighten us. The Conservative motion states that

"this House supports NHS staff in their efforts to minimise healthcare-associated infections".

The Government's amendment to the motion, however, proposes that we leave out that recognition of support for NHS staff. Why is that?

Alan Johnson: I do not need to put it in amendments; I tell NHS staff week in and week out what a fabulous job they are doing. I know that the hon. Gentleman has been paying close attention to my words, and he will already have heard me say what a tremendous job the staff are doing.

It is thanks to NHS staff that we have seen cleanliness improving year on year since the annual inspections began seven years ago. At that time, about one third of hospitals were rated as poor. Now, only a handful fall into the lowest categories of poor or unacceptable. We raised the bar for PEAT scores in 2007, and I am pleased that the NHS has risen to the challenge. Even with this higher standard, figures published today by the National Patient Safety Agency show that in 2007, 98 per cent. of hospitals were rated excellent, good or acceptable, up from 95 per cent. in 2006.

Mr. Lansley: But will the right hon. Gentleman acknowledge that the PEAT scores only get us so far, as throughout the period of the C. difficile outbreak, the scores for the Maidstone and Tunbridge Wells NHS Ttrust were acceptable?

Alan Johnson: The important change is that the PEAT scores were based then on one visit and the hospital was usually aware that the visit was going to be made. From this year, however, there will be a year-round appraisal that will not be based on the position on one day in the year. Standards have to be maintained through the year, but I accept that this is not the only issue. I am setting out a whole series of measures that we are introducing to tackle the problem.

The House will be aware that we have also introduced a strong statutory regime to support our drive to tackle infections. The Health Act 2006 introduced a mandatory code of practice for the prevention and control of health care-associated infections. That came into force on 1 October 2006 and it requires NHS bodies to have management and clinical governance systems in place to deliver effective infection control. Compliance with the code is assessed by the Healthcare Commission, which is in the course of making 120 unannounced visits, mainly to acute trusts, to ensure compliance. We have also announced that from next year, health care-associated infection inspections by the Healthcare Commission will be undertaken annually by specialist teams.

We will continue to support the NHS to bring down infection rates. There is no single solution. In the past few months, we have introduced further measures to build on improvements already made. In July, we made an additional £50 million available to directors of nursing and a further £270 million will be made available by 2010-11 to support the drive to tackle infections. We are introducing MRSA screening for all patients—starting with elective patients—supported by £130 million of comprehensive spending review investment. We have published new guidance on uniforms, so that all staff workwear leaves the arm bare below the elbow to assist with hand washing, which is crucial in countering such infections.

To improve cleanliness and ensure that patients have confidence that their hospitals are safe, we have announced a deep clean of all hospitals, supported by strategic health authority funding of £57 million. This morning, I placed in the Library details of this funding for each area of the country.

Anne Main (St. Albans) (Con): I want to ask about high bed occupancy rates. The West Hertfordshire primary care trust was languishing around the weak category and was rated only 17 above the trust that experienced the dreadful deaths, yet we have a 95 per cent. bed occupancy rate. Will the Secretary of State address the problem of those rates, which seem to be linked to these infections?

Alan Johnson: There is actually no correlation between high bed occupancy rates and levels of MRSA, as the hon. Lady well knows. The Sherwood Forest Hospitals NHS Foundation Trust, for example, has a bed occupancy rate of 92 per cent., but it has cut the number of MRSA cases by well above the national average. As to the suggestion that we should set a national target for bed occupancy rates, I had thought that the Opposition were supposed to be against national targets. We have a bed occupancy rate of about 84 per cent. and we think that high levels of bed occupancy are wrong, but the real issue is how best to manage the beds, rather than providing simple statistics on bed occupancy.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): But there is a connection between high bed occupancy rates and the ability to perform a deep clean.

Milton Keynes hospital, which has an equally high rate, lacks any form of decanter area that would enable it to carry out a deep clean. What specific measures will the Secretary of State offer hospitals such as the one at Milton Keynes to enable them to carry out their deep cleans?

Alan Johnson: We are providing the funding to strategic health authorities and it is then a matter for them to oversee the process. Every trust has assured me that it will have completed its deep clean by the end of March. Many hospitals with high bed occupancy rates already have deep cleans. They usually find the capacity to carry them out around December or Christmas time. If Milton Keynes hospital has any specific problems, it should come and talk to us about them. Better still, it should talk to its SHA.

Dr. Andrew Murrison (Westbury) (Con): The Secretary of State is struggling for a good news story in all of this, so may I offer him one? It is the relatively low rate of health care-acquired infections in community hospitals. Does he not think it ironic that the Government are embarking on the biggest community hospital closure programme in the history of the NHS?

Alan Johnson: It is ironic that the hon. Gentleman should ask that question when he knows that we have put £750 million aside to build new community hospitals. We are actually presiding over a renaissance in community hospitals. All trusts will submit deep-clean plans to their primary care trusts. Strategic health authorities will take an overview of progress across their area, with trusts aiming to complete their deep cleans by March 2008.

Norman Lamb: Will the Secretary of State respond to a recent piece in *The Lancet* which cast considerable doubt over the value of hospital deep cleans? I can see that there are all sorts of good reasons for doing that, but the question is whether it will have a significant effect on the management of C. difficile and MRSA.

Alan Johnson: The article in *The Lancet* would have been fine if that was all we were suggesting we should do. I have already mentioned a number of initiatives—deep clean is one—and I will mention a series of other measures. Of course, deep clean on its own will not solve the problem, but it is highly symbolic in that it gives patients the confidence that that is happening in their hospitals at least once a year.

In addition to the measures I have mentioned, we are increasing the number of matrons to 5,000—to be in post by next spring. The hon. Member for South Cambridgeshire asked where that idea came from: one particular place it came from is his colleague, the right hon. Member for Maidstone and The Weald (Miss Widdecombe)—whom I notice is present. When we discussed the Healthcare Commission report on Maidstone and Tunbridge Wells, she was powerfully vociferous, as only she can be, on the need for more matrons in our hospitals. Sometimes, populist measures are right—and the public are absolutely right about the decline of matrons in the past. The right hon. Lady's point is important, because the public do see matrons in a certain light. Ward sisters do a tremendous job as well, but they also welcome the creation of more matron places because they see that as important for the job that they do.

Angela Browning: Much as we would welcome modern matrons and more of them, the badge does not define the job. It is important that modern matrons have a managerial role of supervision on wards and that they do not just wear a badge and spend their time doing the paperwork in the back office.

Alan Johnson: I am told that they do just as the hon. Lady recommends in her brand-new community hospital in Tiverton, the construction of which she will no doubt congratulate us on. I agree with her point. Matrons will be able to set standards for cleaning and, where necessary, withhold payments and terminate cleaning contracts. Along with clinical directors, they will also report direct to trust boards at least quarterly on infection control and cleanliness.

We published new clinical guidance on isolating patients with health care-associated infection in September 2007. It outlined the importance of placing infected patients in single rooms. The Health and Social Care Bill, introduced to the House last week, will establish the care quality commission, a new health and adult social care regulator with tough powers to inspect, investigate and intervene where hospitals are failing to meet safety and quality requirements, including hygiene standards. The latest data on health care-associated infections were published earlier this month; they show that the actions we have taken are having an effect. The Health Protection Agency data show a drop of 10 per cent. in the number of MRSA cases, continuing the downward trend of the last 24 months.

Commenting on the MRSA data, the HPA's infection expert Dr. Georgia Duckworth said that MRSA has

> "started to come down and that's brilliant news—two to three years ago professionals would have told you we couldn't have done that".

She also said:

> "This is a major achievement against the seemingly unstoppable rise in MRSA bloodstream infections throughout the 1990s".

Mr. Graham Stuart (Beverley and Holderness) (Con): I have seen documentary evidence of a trust that wrote to clinicians saying that their foundation trust status would be threatened if the current MRSA rate were to continue, since which time they have massively cut the number of tests and have therefore shown a seeming improvement in MRSA infection rates. Will the Secretary of State comment on that?

Alan Johnson: We would need to see evidence of that. If the hon. Gentleman has it, he should let us see it. I would be perfectly willing to investigate that important allegation.

As the HPA's infection expert said, a seemingly unstoppable rise in MRSA took place in the 1990s. The number of clostridium dificile cases in the 65 and over group has fallen to 13,660, which is a reduction of 7 per cent. compared with the same quarter last year and a 13 per cent. reduction on the previous quarter. Although I welcome this debate, it is important that we try not to play party politics with an issue as vital as patient safety. For that reason, I have declined to mention the rise of HCAIs under the previous Government. *[Interruption.]* Well, I did not dwell on it, and Conservative Members should not tempt me to do so, because an explosion in MRSA took place during the late 1980s and early 1990s.

[Alan Johnson]

The hon. Member for South Cambridgeshire makes reference to the outbreak that occurred at Maidstone and Tunbridge Wells NHS Trust. I agree completely with the points that he made about the failures of management and the disgraceful attempt by its chair to blame the public and then to blame the nursing staff alone. Some failures by the nursing staff did take place, but when one reads the report, as I know the hon. Gentleman has done, one learns of an abject failure in training and in prescribing antibiotics, and of a failure right through from the medical director to staff on the wards. That must come down to a failure in leadership.

The hon. Gentleman made a point about the trust's leadership and the powers available to me. He is right that I could have used a section 66 power. However, all that leadership has now gone. As soon as the Stoke Mandeville report was published last July, the chair and chief executive went, but it was not as simple as that in the case of the Maidstone and Tunbridge Wells NHS Trust. However, as he said, its chair, its chief executive, its five non-executive directors and its medical director have gone, and the trust has a new management team.

Norman Lamb: The Secretary of State postponed or cancelled the package that had been agreed with that chief executive. Will he confirm that the cancellation will survive in law, and that the package will not be confirmed quietly after some time has passed?

Alan Johnson: The trust has confirmed that the proper procedures were not followed with that payment. The strategic health authority was not consulted and neither was the Treasury, so there is no legal basis for the payment. The suspension of the payment for 28 days gave time for that to be investigated properly. As I said during Health questions last week, we have written to every trust and chief executive in the country to make it clear that the public frown upon public money being squandered for unwarranted payments above the statutory minimum.

Greg Clark: The Secretary of State may not have been adequately briefed on the developments in the trust's personnel. I understand that the medical director continues to be in place, and that at least some of the non-executive directors have agreed to go at the end of their term of office, but are still in place.

Alan Johnson: The hon. Gentleman is right; it is the director of nursing, who had a principal role in this, who has left. Three of the non-executive directors went immediately in November, and the other two are coming close to the end of their duty and will go at the end of this month. All non-executive directors will have gone by then.

I shall not reiterate everything that I said in the House at the time of the Maidstone and Tunbridge Wells report. The trust's leadership has been completely changed. A new chair and chief executive have been appointed on an interim basis, and all the non-executive directors on the board have left or will be leaving very soon. I can tell the House that the overall situation on health care-associated infections has improved. C. difficile rates at Maidstone hospital have almost halved since 2006.

During a recent visit to the hospital, I announced £350,000 of additional funding to enable the trust to carry out a deep clean this winter as part of a comprehensive cleaning programme. Earlier this month, I gave the trust clearance formally to appoint the company that will build a new £228 million hospital in the trust area at Pembury. The new hospital will have 512 en suite bedrooms and be the first 100 per cent. single-room facility in England, enabling much better isolation of patients with infections.

The hon. Member for South Cambridgeshire referred in his contribution to the search and destroy programme in the Netherlands. The Dutch have always invested properly in health care, so they did not go through what we went through in the 1980s and 1990s. In the Netherlands, there is a much higher prevalence of single rooms for patients. All our new hospitals will be built with at least 50 per cent. single rooms and if we had the same rate of single occupancy as the Netherlands, we could adopt a search and destroy policy, too.

We are building the first 100 per cent. single-room facility in England, which will, as I said, enable much better isolation of patients.

Mike Penning (Hemel Hempstead) (Con): After 10 years in government.

Alan Johnson: Ten years in which we built 100 new hospitals across the country—the biggest hospital building programme in the history of the NHS—*[Interruption.]* The hon. Gentleman is rather touchy about these issues; he says we have closed hospitals. We have not closed hospitals—we have opened new hospitals. The hon. Gentleman may be sitting on the Opposition Front Bench, but he still cannot come to grips with the need for the NHS to move with the times and adapt to new medical circumstances.

The report on trauma, published this morning, showed yet again that we need to specialise and move away from the fixation on defending the district general hospital in all its former glory.

Mr. Lansley: I cannot believe that the Secretary of State seriously claims that a report that shows deficiencies in trauma care is simply an argument for specialisation and regional centres. The Conservatives have always argued for major trauma centres, but in addition to the availability of services in local accident and emergency departments. What the Secretary of State describes as a response to the report would strip away much of the emergency care in local A and E departments, which could be essential in the treatment of major trauma.

Alan Johnson: Time and again, the hon. Gentleman and his party talk about a moratorium on reconfigurations. That was their policy. That is what they were saying in the summer. They got their statistics wrong. They got the hospitals wrong. They got the areas and the geography wrong. The one thing that was clear and consistent was—no change. They are fighting a political campaign based on the lowest common denominator: any change anywhere must be wrong. That is the view of the hon. Member for Hemel Hempstead (Mike Penning), as we know very well. I do not say that the report on trauma is solely about that issue, but it makes the point that we need clinicians who are dealing with such cases day in,

day out, not once every couple of weeks. All the medical evidence suggests that conclusion, which is why the entire medical profession supports the kind of reconfigurations that the Opposition oppose.

Miss Ann Widdecombe (Maidstone and The Weald) (Con): The Secretary of State has just said that the campaign against some reconfigurations is political and that the entire medical profession takes a different view, so could he explain why so many consultants in the Maidstone and Tunbridge Wells NHS Trust oppose the reconfiguration?

Alan Johnson: I am talking about trauma, stroke care, cardio-vascular care and cancer care, where there is a move towards more specialist centres to deal with those conditions, rather than trying to pretend that every district hospital can be all-singing and all-dancing—the Opposition view, which we completely oppose.

As I have explained, ours is not the only country grappling with such issues. The range of measures we have introduced is making a significant difference. Our recent announcements are designed to maintain momentum in supporting the NHS to provide safe, high quality care to every patient. As Lord Darzi's interim report pointed out:

"Safety should be the first priority of every NHS organisation."

There should be a collective accountability for preventing infections. We need to focus all minds on cleanliness, which must be integrated into the culture by every member of staff on every ward and in every location involved in health care provision. I pay tribute to those NHS staff who work so hard to ensure that that is the reality in hospitals up and down our country.

5.15 pm

Norman Lamb (North Norfolk) (LD): We would probably all agree that we should treat this subject with the utmost seriousness. The Secretary of State is right: there should not be party political point scoring over a matter that causes so many families distress and trauma.

It is important that we keep the issue in perspective. Every year, more people die from thrombosis in hospital than from hospital-acquired infections. Deaths from thrombosis are often avoidable if hospitals follow proper processes.

John Smith (Vale of Glamorgan) (Lab): The hon. Gentleman's point is important. Would he stress, however, that he means hospital-acquired thrombosis, not just thrombosis?

Norman Lamb: Absolutely. I pay tribute to the hon. Gentleman's work on the matter. The fact remains that more people die in hospital from thrombosis than from hospital-acquired infections. It is important that we keep a balance when we talk about the subject. None the less, some 300,000 cases of hospital-acquired infections occur every year, with some 5,000 deaths and an estimated cost to the NHS of about £1 billion, which could be spent on patient care and doing good things for patients. The NHS must take such infections very seriously.

Mr. Graham Stuart: I know that it is not the subject of the debate, but does the hon. Gentleman agree that we should consider making mandatory the reporting back to the hospital of the deaths of thrombosis patients? Hospitals do not receive that information, and might not be following the right procedures.

Norman Lamb: I am at risk of getting into trouble with Madam Deputy Speaker, but that is important. Thrombosis is a hidden problem that does not get the attention it deserves.

Health care-acquired infections are a problem not only in hospitals but in care homes and nursing homes. A recently received parliamentary answer showed a rise in deaths in private care homes, too. We must ensure that attention is given to those services as well as to acute hospitals. Some 3 per cent. of the healthy adult population carry C. difficile in their bodies. It is prevalent in the community and is not a problem merely for our acute hospitals.

The motion rightly draws attention to the Healthcare Commission report on Maidstone and Tunbridge Wells NHS Trust. The Secretary of State's statement on 15 October focused specifically on the trust's failings. In many respects, that was right: the failings were substantial and in some instances grotesque. Reports that nurses and others told patients to go in their beds were unimaginable, and we would all condemn that action.

The report also raised issues that are the Government's responsibility. The Secretary of State is right to say that we should not try to score party political points, but he would accept that it is the Opposition parties' job to hold the Government to account and to ask pertinent questions. I want to go through some of the issues that the Healthcare Commission raised that are ultimately the Government's responsibility.

The Secretary of State said that there is no direct link between bed occupancy rates and the incidence of hospital-acquired infections, but he cannot deny the clear evidence that such infections are more prevalent in hospitals with high occupancy rates. Page 6 of the Healthcare Commission report states:

"The trust's bed occupancy rates were consistently over 90 per cent. in the medical wards at both Maidstone Hospital and Kent and Sussex Hospital. Higher bed occupancy led to less time for thorough cleaning of beds and the areas around them between one patient's moving and another occupying the same bed."

That is pretty clear, and the Government need to take careful note of what the Healthcare Commission says. Later, the report states:

"The report of the National Audit Office in 2004 found that preventing infections continued to be adversely affected by other NHS trust-wide policies and priorities. The increased throughput of patients to meet performance targets resulted in considerable pressure towards higher bed occupancy, which was not always consistent with good infection control and bed management practices. Higher bed occupancy meant that there was less time for thorough cleaning of beds and bed spaces between admissions of individual patients and a higher probability of transmission of infection between patients. Seventy-one per cent. of trusts were still operating in bed occupancy levels higher than the 82 per cent. that the Department of Health reported it hoped to achieve by 2003-04."

That is how the Healthcare Commission reported these concerns, so what has happened? The recent Liberal Democrat analysis of official Government figures found that almost half of NHS trusts have occupancy rates

[Norman Lamb]

above the recommended level, that a quarter have occupancy rates above 90 per cent, and that 22 hospitals have occupancy rates above 95 per cent. Hospitals are frequently completely full, and the Secretary of State must recognise that the risk is that corners will be cut, as the commission suggested.

Mr. Graham Stuart: I am extremely grateful to the hon. Gentleman for giving way. The chief executive of Hull royal infirmary, my local hospital, has spoken to me about the difficulty of combining high bed occupancy rates with a suitable and proper cleaning regime. Does he agree that, to find out the truth, the Secretary of State need only go to his local hospital?

Norman Lamb: The evidence is overwhelming. I am worried that, rather than moving in the right direction towards the level that the Department believes to be appropriate, the figures are going in the wrong direction. In 1996-97, overall bed occupancy was at 80.7 per cent, whereas it had reached 85.3 per cent. by 2006-07. That is the average, and the House must bear it in mind that many hospitals will be way above that level, as I have already said.

The hon. Member for South Cambridgeshire (Mr. Lansley) referred to the leaked report from the Department of Health. It said that hospitals with occupancy rates above 90 per cent. have MRSA rates 42 per cent. higher than average. Professor Barry Cookson of the Health Protection Agency said in 2004:

"We have got to get down to 85 per cent."

Moreover, Alison Holmes, a specialist in infectious disease at Imperial college, said:

"The issue about bed capacity and throughput really does undermine best infection control practice."

How has the Secretary of State responded to the Healthcare Commission report? He rightly condemns what happened in that trust, but there are questions for the Government as well. Does he accept the Healthcare Commission's position on occupancy rates, and will he review the extent to which overcrowding is associated with an increased risk—and by that I do not mean that every full hospital has a high rate—of hospital-acquired infections?

Alan Johnson: Bed occupancy rates and the management of beds are important, but we do not need top-down targets for them. Does the hon. Gentleman accept that the Healthcare Commission did not make that one of its national recommendations? The report devotes a whole section to such recommendations, but it does not say that the Government should have a national target for bed occupancy. The report makes five national recommendations, and the Government have implemented them all.

Norman Lamb: I accept that. None the less, we must take the report very seriously, and I have quoted directly from it. Although the Secretary of State talks, rightly, about avoiding top-down targets, but they have often led to over-full hospitals. The report mentions the pressure of targets. The Secretary of State shakes his head, but page 8 of it says:

"The trust struggled with a number of objectives which they regarded as imperative. These occupied senior managers' time and compromised control of infection, and hence the safety of patients."

Page 9 says:

"We are concerned that where trusts are struggling with a number of problems that consume senior managers' time, and are under severe pressure to meet targets relating to finance and access, concern for infection control may be undermined."

There is specific reference to A and E targets:

"One senior manager said that because of other pressures and 'over-heating' in the trust, the A&E target was delivered at the price of chaos elsewhere in the system."

The Secretary of State has to understand that Maidstone is not alone; those concerns apply across the NHS. Trusts often feel that they are bamboozled by targets. He has accepted in other contexts that an over-reliance on top-down targets sometimes has perverse effects. I am in a sense challenging him to concede that that is a factor in the problem, as the Healthcare Commission recognises. Does he accept what the commission says? If so, is he prepared to ensure that hospitals are given guidance stating that, although there are other priorities, this must be the top priority?

The third issue that the Healthcare Commission deals with is the pressure of finances, which is a Government responsibility and leads, among other things, to cuts in nursing staff. The report says:

"Both trusts had undergone difficult mergers, were preoccupied with finances, and had a demanding agenda of reconfiguration and private finance initiative... Additionally, the impact of financial pressures was to reduce further already low numbers of nurses and to put a cap on the use of nurses from agencies and nursing banks."

Does the Secretary of State accept that in the past two years intense financial pressures on trusts to balance their books have sometimes had perverse consequences? That appears to have been the case at the trusts in question.

The next issue the report raises is the MRSA target. What concerns me is that, by targeting only reductions in MRSA, the former Secretary of State imposed what I regard as a political target of halving the MRSA rate by 2008, without paying any attention to C. difficile, which was increasing very rapidly. Again, the Healthcare Commission raises concern about that issue. Page 7 of its report says:

"Before the outbreak it only monitored the MRSA rate, as there was a national performance target in relation to MRSA, though not as regards *C. difficile*."

So the trust's attention was focused on MRSA, not on the bigger problem of C. difficile.

The strategic health authority has a role as well, as the report says that, before August 2006,

"the SHA was not aware of the relevant performance of trusts with regard to rates of *C. difficile* infection."

That body is supposed to monitor the performance of trusts in its area.

Commenting on the role of the Health Protection Agency, the report says that meetings with directors of infection prevention and control in Kent "focused on MRSA" and that there

"was no local monitoring of C. difficile".

Again, the focus was on what the Government chose to target—I think for political reasons—rather than on the growing problem of C. difficile. Again, targets distorted clinical priorities. Does the Secretary of State accept that setting arbitrary targets for MRSA, at a time when other hospital-acquired infections were increasing, had perverse consequences and was dangerous and damaging?

The next issue is antibiotic prescribing. All the professionals I have talked to say that that is the central and most important issue when dealing with C. difficile. I was surprised that the motion makes no reference to antibiotic prescribing. *[Interruption.]* I know that the Conservative spokesman talked about it. The Government amendment also misses it out. The Healthcare Commission report says:

"Antibiotics need to be seen, like all medication, as potentially dangerous drugs".

In 2005, a study of 300 European hospitals showed that the highest levels of MRSA were associated with hospitals using a high level of antibiotics, particularly the broad-spectrum antibiotics that we have debated previously. The Health Protection Agency and Healthcare Commission report in 2006 said that 38 per cent. of trusts did not have restrictions in place to prevent inappropriate antibiotic use.

The Government have issued new guidance on antibiotic use, but is it being monitored? Have trusts implemented the new guidance, and is it being applied effectively? It is clearly important that the prescriptive rules are applied. When I visited Hereford county hospital last week, I was told that a new policy on antibiotics had been introduced earlier this year and had had a dramatic effect.

Beyond Maidstone, the Conservative spokesman referred to the importance of screening and he was right to question why it has taken so long to introduce it. The Government say that they will introduce it for non-emergency cases by next year and for emergency cases within the next three years. In Hereford, I was told that screening of emergency cases had been implemented earlier this year. If that hospital and a small percentage of others—the Conservative spokesman referred to a survey he had undertaken—can do it, why cannot all hospitals? Does it really need to take three years to implement screening for emergency cases across the country?

I will conclude by setting out what we see as the priorities. First, I urge the Government to undertake a thorough, robust review of the impact of overcrowding in our hospitals. Overcrowding does not necessarily mean that a certain scenario will happen, but all the evidence indicates that there is a link, which needs to be addressed. The trends are in the wrong direction.

Secondly, there needs to be zero tolerance of failures of infection control. We need to get the mindset right. If senior hospital managers have failed in their duties to control infection, that needs to be treated as gross misconduct—it is that serious—rather than their getting a pay-off and a comfortable early retirement. That principle needs to apply throughout the trust, from the most senior people to those working on the wards. There should be no pay-offs. I acknowledge that the Secretary of State indicated that himself.

The next point is that matrons must be in charge of the staff in the ward, even if those staff happen to be employed by an independent contractor. The matron needs to have the power to remove an individual from the ward if they are not meeting the required standard.

There has been discussion about the Dutch approach. I recognise that rates in the Netherlands are not much lower, but we ought to acknowledge its good practice and strict process to deal with outbreaks. The Secretary of State is right that that is possible only because of the space in Dutch hospitals, but that brings us back to the occupancy rate. There needs to be space for isolation, and to enable a hospital to have some slack in the system. He is right that historical underfunding in this country resulted in too much pressure on the system, but staff need to be sent home if they are infected.

There need to be changing facilities for staff. Again, the Secretary of State is right: it may not be appropriate to impose such measures from above, but surely the Department of Health needs to say that all hospitals should, as a matter of best practice, have changing facilities for staff, so that they do not have to travel home on a bus in their uniform. We need monitoring of death certificates to ensure that it is common practice to record hospital-acquired infections when they are a contributory factor to death. The Healthcare Commission report found, in the sample from Maidstone that it considered, that in 20 per cent. of cases where C. difficile was not mentioned on the death certificate, it was a contributory factor. In other words, if we simply looked at death certificates, we would understate the scale of the problem. In many cases—I have come across the issue as a constituency MP—people who have died in hospital had C. difficile but there was no reference to it on the death certificate. We need common good practice on the issue, so that we can accurately assess the scale of the problem. The rules on antibiotic prescribing should be rigorously applied, too.

Finally, it is important to give the patient the power and the right to raise concerns in hospital about failures in hygiene standards. There must be a mechanism through which the patient feels able to raise concerns in hospital without feeling that they will suffer in some way. I recognise that the Government have taken steps to address the issue of hospital-acquired infections, but the question is whether they are doing enough, and are doing the right things. Today, I have raised a series of issues that the Healthcare Commission highlighted, and that fall within the Government's responsibility. If the Government intend to criticise the trust—and it is right that they should—they must also acknowledge their role and what they can do to address the concerns that the commission raises. I think that we all agree that the issue has to be treated as a top priority, so that we can ensure that people are safe when they visit hospitals, care homes and nursing homes.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. Mr. Speaker has imposed a 15-minute limit on Back-Bench speeches, but in view of the limited time available for debate perhaps hon. Members will restrict their remarks to approximately 10 minutes, so that more of them can succeed in catching my eye.

5.37 pm

Mr. Jim Devine (Livingston) (Lab): I prepared two speeches for this afternoon's debate. In one of them,

[Mr. Jim Devine]

I assumed that there had been a constructive contribution from the Opposition, which meant that we could have a serious debate about a problem that affects not just Britain but all of Europe, and a debate about how other countries are dealing with this serious issue. Sadly, the Opposition decided to play politics with people's lives. It is important to give them a bit of a history lesson on what they did on the issue when they were in power.

I worked in the national health service from the early '70s to the early '80s. Those of us of a certain age can remember going into an NHS hospital where there was that smell of cleanliness. When a person who worked in the hospital left the ward and went straight to the pub or social to meet friends, people could tell that they had been in the hospital all day from the clean smell that prevailed. Let me tell hon. Members what happened on my ward. A domestic came on duty at half-past 7 in the morning and went off duty at 2 o'clock. Another domestic came on duty at 4 o'clock and went off duty at 8 o'clock. Those individuals were part of the health care team. They were totally accountable to the ward sister or the charge nurse. In fact, they made a major contribution not just to the cleanliness but to the morale of the ward. For example, when they were going off on Saturday, they would take bookie lines into local bookmakers for patients. They made a significant contribution to patients' well-being and care.

Sadly, the Conservatives came to power in 1979. In 1982 they introduced compulsory competitive tendering. *[Interruption.]* Conservative Members are laughing.

Miss Widdecombe *rose—*

Mr. Devine: I will give way to the right hon. Lady if she is not covered by a private medical insurance scheme. Is she covered?

Miss Widdecombe: I am covered.

Mr. Devine: Then I should not give way. This is an important political point. It is the height of hypocrisy for Members to come to this place and complain about their local NHS when they do not use the national health service. I was born in the NHS, I worked in the NHS and I use the NHS.

Miss Widdecombe: I am grateful to the hon. Gentleman for giving way rather unwillingly. He blames contracting out of cleaning services and competitive tender. My local trust has in-house services, and look where that has got it.

Mr. Devine: The right hon. Lady makes a good point, which I shall deal with. In 1982, 170,520 ancillary staff were employed in the NHS in England. By 1996, the number was down to 66,760—8,000 jobs a year or more than 20 a day were lost in the cleaning and ancillary service. Let us remember the process. Compulsory competitive tendering was allegedly a test of efficiency. In reality, health service workers who had worked in the NHS for five, 10, 15 or 20 years were sacked and asked to bid for their jobs back. At the same time they were told that £2.40 or £2.30 an hour was far too much.

Mr. Lansley: The Government claim, rightly, that there have been 250,000 extra staff in the NHS, of whom 107,000 have been administrators. How many have been cleaners? Does the hon. Gentleman understand that on wards at Maidstone at the time that the infections were occurring there was access to cleaning for two hours a day twice a day. That is all that was available.

Mr. Devine: That is outrageous. The hon. Gentleman is right. Let me explain the process. Whether the contracts were won by the private sector or in house, the cleaning hours fell by two thirds in most cases. The scenario that I painted at the start of one domestic coming on duty at 7.30 am and working till 2 and another working from 4 till 8 was replaced by an individual who worked in four, five or six wards, whether that was privatised or in house.

Reference has been made to laundry services. Exactly the same scenario prevailed there. Working as a nurse, I had 12 uniforms. At any given time, four were in use, four were on the way to the laundry, and four were in the laundry. Again, after privatisation, that was cut down. In practice, that meant that the majority of nurses started washing their uniforms themselves, adding to the difficulties. In some hospitals the turnover of staff was more than 100 per cent. There was no training for staff coming on duty. There were numerous stories of new people turning up in the morning and working on a ward an hour later.

We must remember the politics of the time. The early 1980s was the start of the No Turning Back group, many of whom were advisers to private contractors. What did the Conservatives do? They said that there was no problem, yet in a debate in 1997, my hon. Friend the Member for Thurrock (Andrew Mackinlay) highlighted a report prepared by the Conservatives in 1990. That confidential document stated:

"Infection control costs are always difficult to assess, but there is general agreement that the costs of ignoring strains of EMRSA are higher than those of controlling them, particularly when the costs of potential legal action are included. Litigation by an infected patient is a growing hazard of MRSA outbreaks in hospitals and it is therefore important to demonstrate that well-documented and effective control measures are implemented."

Mr. Graham Stuart: Quite right too.

Mr. Devine: The hon. Gentleman says, "Quite right too," but nothing that that Government introduced at that time was to combat MRSA.

Andrew Mackinlay (Thurrock) (Lab): I want to place on the record the fact that if people revisit the *Official Report* for that debate they will see that the hon. Member for Orpington (Mr. Horam), the Conservative Minister replying from the Dispatch Box, accused me of scaremongering.

Mr. Stuart: When was that debate—1998?

Andrew Mackinlay: It was in 1997. If that Government had addressed the problem then, we would be ahead of it now and many deaths would have been avoided.

Mr. Devine: I am grateful to my hon. Friend for that. The then Health Minister, the hon. Member for Orpington (Mr. Horam), said

"Official figures...show that the peak of the problem occurred in 1986."—[*Official Report*, 19 March 1997; Vol. 292, c. 859.]

Yes, we may be entitled to some criticism, but we all have problems and difficulties in relation to the issue. At least we have come to the Chamber and said that there is a problem, and we are facing up to it. That was not the case with the Conservative party.

5.46 pm

Miss Ann Widdecombe (Maidstone and The Weald) (Con): May I first apologise for not having been here during most of the opening speeches? I had already told Mr. Speaker that I was coming from Market Harborough—splendid place—and was at the mercy of both trains and a passage across London in the rush hour.

I am grateful for the opportunity to speak in this debate, particularly as my trust forms such a central part of the motion. I digress for just a couple of seconds to answer the gibe made by the hon. Member for Livingston (Mr. Devine). He said that because I had private health insurance, I was some sort of terrible public liability. I point out to him that every time that I pay full whack for my prescriptions I take a burden from the NHS. Although I am an OAP, I still pay full whack—a bit more than the hon. Gentleman pays, and people benefit from it.

However, I digress; I shall pull myself back into order before you do, Madam Deputy Speaker. I turn to the main part of the motion. I make no apology for repeating what I said when I raised a question with the Under-Secretary of State for Health, the hon. Member for Brentford and Isleworth (Ann Keen), after the publication of the report into Maidstone and Tunbridge Wells NHS Trust. I have since had a meeting with her and I reiterated the point then.

The crux of the matter relates to authority and accountability in the wards themselves. No matter how good the chief executive or matron, they are not on the ward all the time. They cannot be. Ward sister, however, is on one ward for an entire shift and therefore authority and accountability need to be vested in her. It is clear that that system has broken down in large parts of the NHS and in particular in my own trust. I do not wish to go over again the problems that my trust has faced, because the crucial thing now is that we look forward and try to put right what has gone wrong. We should address ourselves to the future, rather than always harp on about the past.

Nevertheless, I have to say that, despite all the publicity around that report and all the local press and media coverage, I still got a letter from a constituent saying that she had recently visited a relative in hospital where a nurse had dropped a syringe on the floor, picked it up and gone to use it. The nurse was stopped—this is the crucial point—not by a ward sister but by an observant relative, who said, "Hey, you can't use that." The role of a ward sister should be almost wholly supervisory. She should be going round the ward saying, "Nurse, that drip is empty", "Nurse, that patient has been ringing the bell", or "No, nurse, you don't use that syringe—you've just dropped it on the floor." That is the ward sister's job, together with issuing appropriate instruction of the nurses as to why not to use the syringe that has just fallen on the floor—if such instruction should really be necessary.

However, the ward sister does not do such things anymore, and there are three reasons for that. First, her role has become confused and she spends far too much time commissioning blankets and bandages instead of supervising the nurses. Secondly, she spends rather too much time filling in forms. If this Government do not get to grips with form-filling, targets and box-ticking, a lot of time will be diverted from the sharp end of patient care. The ward sister also nurses, because when there are nursing shortages she has no choice but to do so; and while she is nursing, however admirable that may be, she is not supervising others. Thirdly, there is an air of what I might describe as excessive egalitarianism whereby she no longer likes to boss. When I went to see the Minister, she told me rather endearingly how she used to be bossed tremendously, even to the extent that she was not allowed to plump up a pillow because it released germs into the air. Indeed, she told me that she never plumps up her pillows at home having learned that lesson so thoroughly. What a difference between that level of supervision and what we have today. We need the ward sister bossing, however nicely and politely, and taking control of the ward.

Ward design has a major role to play, although I know that that cannot be put right by the middle of Tuesday afternoon. I have had one very positive experience of the NHS in recent years, when I took my mother into Royal London hospital under trauma procedures. The wards there were of the old Nightingale design, which meant that all the nurses could see all the patients all the time and all the patients could see all the nurses all the time. Nobody was ringing bells for people to appear round double corners, which is the layout of most modern wards. Given that the Government are boasting about how many hospitals they are building, perhaps before they build any more they might revisit the whole issue of ward design and how easy it is for nurses to be supervised in a situation where they can hardly ever be seen.

Mr. Graham Stuart: Does my right hon. Friend agree that fundamental nurse training in attitudes to hygiene needs to be considered in order to tackle the widespread problems around the country?

Miss Widdecombe: That must be right. We need to get right back to the sorts of situations that the Minister described to me, with meticulous attention paid to hygiene whether it relates to pillows or syringes, let alone telling a patient to "go in the bed", which, as she will be aware, is what happened at Maidstone.

I would like something terribly simple: an air of carbolic, as I described it to the Minister. I had some sympathy for the hon. Member for Livingston when he described the situation that used to prevail in hospitals, whereby one was immediately hit in the nostrils by the scents of disinfectant, carbolic, floor scrub and every other horror. Now, even hand-washing is a forgotten discipline. It would be helpful if very basic hygiene practices were restored.

As a slight digression, I also think that we need to look at the NHS as a whole and ask whether what we have is going to last us to the end of the 21st century or

[Miss Widdecombe]

whether we need to carry out some serious restructuring. That does not mean the sort of piecemeal restructuring going on at the moment, which is afflicting my trust, where in order to have a trauma specialism at one hospital—I have nothing against such a specialism—people going in under accident and emergency procedures have to travel 17 miles on B roads before they may be attended to. Nor do we want, as also proposed under the reconfiguration, those using maternity services to have to travel down to Tunbridge Wells, so that anyone whose labour runs into difficulty at Maidstone will be taken there along 17 miles of B road. Tunbridge Wells is a splendid place, but no one wants to travel 17 miles by B road when they are in severe orthopaedic trauma, or in a complicated labour. Therefore, those sorts of reconfiguration are not the answer.

We need to consider the financing of the NHS, and whether those who can do so should be encouraged to take some of the costs on themselves. We need to face the fact that the state cannot do everything—it does not. What, after all, would the hon. Member for Livingston say to those who were told to go blind in one eye before the other could be dealt with? The state cannot do everything, and it is time that it stopped pretending that it can. By pretending, it is running a three-tier NHS. At the top are those who get their NHS treatment or who choose to go private; at the next stage are those who cannot get their NHS treatment and can go private but do not want to do so; and at the third stage are those who do not get their NHS treatment, and could not go private if they starved themselves for a month. If we do not look at the whole picture of the NHS, we betray the most vulnerable in the population.

5.57 pm

Shona McIsaac (Cleethorpes) (Lab): I come to this debate as someone who has actually cleaned hospitals in a previous job. I have cleaned up after patients who have been suffering from the conditions in question, and it is tough to do so, particularly when dealing with something like clostridium difficile, and the sheer number of spores that are produced in the faeces of someone with diarrhoea as a result of C. difficile. They are produced in enormous numbers, and it is quite tough to clean all the surfaces involved to ensure that there is no transmission from the environment. I did that work many years ago, so the situation is not new. C. difficile has been with us for many decades, and it is only recently that there have been particular problems, which I shall come to later.

I want to start by talking about methicillin-resistant Staphylococcus aureus. I have listened to debates on this issue so many times in this House. I listened to what the hon. Member for South Cambridgeshire (Mr. Lansley) said, and I believe that he oversimplifies a complicated subject. He makes comparisons with other countries, such as the Netherlands, but when we are dealing with MRSA, we are dealing with something like 17 different strains. The strains prevalent in hospitals in places such as the Netherlands are different from those prevalent in this country.

Mr. Lansley: Will the hon. Lady give way?

Shona McIsaac: Given the time pressure, I will not. In this country strains 15 and 16 are the most prevalent, and those strains are the most resistant of all—far more resistant than the ones prevalent in the Netherlands and Denmark. Those are the strains most prevalent in Japan, too, for example, and no one who has been to Japan and seen hospitals there would say that they had problems with their cleaning regimes and hygiene. As we are talking about such a serious issue, we have to keep in mind the science that underlies the subject.

Mr. Lansley: The hon. Lady accused me of oversimplifying by trying to draw an analogy with the Netherlands, but in fact I was citing the chief medical officer, who, in December 2003, drew attention to the experience of the Netherlands and the use of a search-and-destroy strategy. If it is good enough for the chief medical officer, it ought to be good enough for the Government—but it was not.

Shona McIsaac: The hon. Gentleman has missed the point that I am making. This issue is far more complicated than is often evident in short debates such as this, as we tend to make simplified speeches. Of course we should take note of what happened in the Netherlands, but if we simply transferred everything that was done in that country to the UK, it would not have the same effect, because we are dealing with different strains of MRSA.

Some 30 per cent. of us carry Staphylococcus aureus on our body: one third of the Members who will go into the Division Lobbies tonight carry it on their bodies. Some of us even carry resistant strains, but the majority of us are healthy individuals. Staphylococcus aureus acts opportunistically, and targets people with compromised immune systems who are vulnerable to it. Most of us will not be troubled by MRSA.

We have to consider why Staphylococcus aureus has become a problem in this country. It is largely to do with the inappropriate prescribing of antibiotics in past decades. People were often given antibiotics almost like sweeties: if someone had a snuffle or a cold, they would be given antibiotics. It was quite wrong to give people antibiotics in those circumstances, as they killed off many of the less damaging strains of Staphylococcus aureus, so that the resistant strains came to the fore and became increasingly prevalent. We must therefore look at prescribing regimes, and hold back from prescribing so many antibiotics. That is as true for C. difficile as it is MRSA.

The Northern Lincolnshire and Goole Hospitals NHS Foundation Trust is my local NHS trust. It is responsible for three hospitals, and it pioneered the cleanyourhands initiative. MRSA rates have continued to decline, and the trust's target is one case a month across all three hospitals. The trust has one of the lowest MRSA rates in the country, because it pioneered that initiative, but—and this is a gripe I have with the Government—it was told to reduce that rate by half. Given that it already has one of the lowest rates, the statistics become quirky. If we have two cases a month, one of which might be acquired in the community, not hospital, we will not reach our target. People will report the trust as a failing regime, but in fact the chances of acquiring MRSA in those hospitals is minimal.

I pay tribute to the phenomenal work undertaken by those hospitals to bring the rates down. For example, they assume that everyone who is admitted is MRSA-positive unless proven otherwise. Everyone has to undergo an alcohol body wash to decolonise the body of MRSA, and the hospitals will soon progress to nasal decolonisation as well. The cleaning in those hospitals is in house, and that is welcome. They are considering more innovative ways in which to deal with cleaning to reduce not so much MRSA but other infections.

Let me consider C. difficile. Again, I pay tribute to Diana, Princess of Wales hospital, Goole hospital and Scunthorpe district general hospital. They are working hard on C. difficile and putting in place cleaning regimes to tackle the environmental contamination that can occur from the multitude of resistant spores that C. difficile produces. Their work is phenomenal.

The right hon. Member for Maidstone and The Weald (Miss Widdecombe) is present, and I emphasise the fact that I do not believe, considering the science behind the subject, that we will ever completely eradicate C. difficile. There are 100 types—I think type 027 causes the problems that we are experiencing in the UK. It produces many toxins, which lead to fatalities. It is so resistant and produces so many spores that I am not sure whether we shall completely eradicate it. However, the work being done to reduce it is welcome. Again, we must stop prescribing so many strong broad-spectrum antibiotics, which destroy the good bacteria in the intestine, thus allowing the production of the toxins. That is a serious problem.

I pay tribute to the work in my area to reduce the rates of C. difficile and MRSA—I will not go into detail about pseudomonas or norovirus this afternoon. However, I should like the Government to consider the statistical quirks, which show that one case per month across three hospitals is fine, but two cases mean the red zone. We must reconsider that. It was disheartening for staff to be told that they were in the red zone because there were two cases, as opposed to one, across three hospitals.

6.7 pm

Mr. Lee Scott (Ilford, North) (Con): I shall be brief, and stick to the present rather than looking back to the time of Florence Nightingale. I begin by praising all our nurses and doctors, not only in my constituency but throughout the country. They do a wonderful job and we should be proud of them.

I want to consider what affects my constituency and start with the case of a 40-year-old man, whom I visited at his home because he was too ill to come to my surgery. He had been admitted to Whipps Cross hospital, one of two hospitals that services my constituency, with a severe orthopaedic complaint. He was then transferred to the Royal orthopaedic hospital, so I make no accusation about where he contracted MRSA. However, he contracted it. Six months on, he has been unable to work, go out properly or function normally. It has wrecked his life. Those things are affecting our constituents today. Another case is that of a lady whose daughter took her to King George hospital. Tragically, she lost her life through C. difficile. I will not go into more detail because the family has asked for formal investigations into the matter.

I also want to cite the case of my daughter, who went into Barnet general hospital when she was pregnant earlier this year. My wife and I visited her. I used the alcohol scrub to wash my hands, but I noticed many visitors to the hospital not using it and not being asked to use it. That is not the fault of the nurses on duty, who are simply rushed off their feet and unable to do that. I blame the management and the powers that be, but I do so pragmatically—I am not looking today to have a political go at anybody. We need to try to resolve the problem, for the sake of all our constituents.

Mention was made earlier of the chief executive of Maidstone and Tunbridge Wells trust. The House might be interested to learn that her partner was the chief executive of our trust, Barking, Havering and Redbridge trust, who surprisingly resigned within seven days of her resigning, allegedly—the trust will not release the figures—receiving a substantial sum of money for going on and furthering his career elsewhere.

Miss Widdecombe: About £1 million, wasn't it?

Mr. Scott: Well, I can only say that the allegations were about £300,000, and £1.1 million into a pension, although those are allegations. The figures have not been released and I have no way of verifying that. What happened was disgraceful, whatever settlement was received. However, families who have lost relatives have asked the police to investigate that chief executive, so I shall be careful in what I say, as I would not want to affect that.

When the head of the NHS recently appeared before the Select Committee on Health, I asked a question about that chief executive. The implication was that he had not quite gone voluntarily, and might have been helped on his way. That is in the minutes as a matter of record, as any hon. Member who reads them will clearly see. My point is that if the person in charge is not doing their job, there is a knock-on effect on everyone else and a price to pay, and that price is too high for our constituents. However—this will come as a shock to my side, who should please forgive me—I want to say thank you to the Secretary of State, who has agreed to look into the case of that chief executive. I believe that it might be too late to stop any payments, but I would be grateful if that could be looked into, and if the correspondence, for which I am also grateful, could be passed on.

I am not going to list the things that my hon. Friend the Member for South Cambridgeshire (Mr. Lansley) mentioned earlier, but if we do not tackle the problem in a number of different ways, we will be letting down the people who put us in this place. We owe it to them and to ourselves—we could all be patients—to rectify the problem. Let us do it now. That will have to come from the top—from the Secretary of State.

6.12 pm

John Smith (Vale of Glamorgan) (Lab): I congratulate the Opposition on choosing the subject of this debate, which represents good use of an Opposition day. I do not want to disappoint them too much, but I will not vote for their motion, although I welcome the opportunity to take part in this debate, which I have found extremely interesting up until now.

[John Smith]

It would be remiss of us to have a debate on what is seen by the general public as one of the biggest patient safety issues in the country and not put that debate in its proper context. We have had a chance today to raise some of the many issues associated with MRSA and C. difficile, but we should do so in a balanced way and look at the wider picture of problems with patient safety and of public concern about national health issues.

That was touched on by the hon. Member for North Norfolk (Norman Lamb), who opened his speech by saying that we needed to see the issue in context. The hospital-acquired infections of MRSA and C. difficile are a matter of great concern, but they are as nothing compared with the problem of hospital-acquired venous thromboembolism. The hon. Member for Ilford, North (Mr. Scott) talked about the tragedy of his constituent going in for orthopaedic surgery and coming out with the dreadful infection of MRSA. However, believe it or not, his constituent was 25 times more likely to come out with a potentially fatal or debilitating venous thromboembolism, which could involve deep vein thrombosis, than he was to contract MRSA or C. difficile. According to the latest recorded figures, just over 2,000 NHS patients died after contracting MRSA. In the same period, as far as we know—I ask the House to listen carefully to this figure—25,000 patients a year died from hospital-acquired venous thromboembolism, yet we hear very little about it.

The hon. Member for Beverley and Holderness (Mr. Stuart) made the valid point that the difference between the two kinds of hospital-acquired conditions is that the figures for the deaths caused by the superbugs are collated accurately by the NHS, yet the number of deaths caused by hospital-acquired venous thromboembolism are not collated properly. So when we say that 25,000 people a year are dying unnecessarily from hospital-acquired venous thromboembolism, that is a great underestimate. That figure comes from the Health Committee's report in 2005, which, I am pleased to say, was accepted in full by the Government and the chief medical officer, but it is almost certainly a great underestimate of the exact figure. I refer the House to the seminal work of Dr. Ander Cohen of King's College hospital, one of the leading epidemiologists in the country. He suggests that the figure is at least double the one that I have just cited.

These are huge numbers, so when we have a debate on hospital-acquired diseases and patient safety issues, for goodness' sake let us look at them in context. The Government have rightly decided to spend £270 million a year on tackling hospital-acquired infections such as MRSA, C. difficile and some of the new conditions that have recently been identified, yet they are spending less than £30 million a year on the prevention of venous thromboembolism.

It has been made clear from the start of this debate that tackling those superbugs is not a simple business. In fairness to the hon. Member for South Cambridgeshire (Mr. Lansley), he said that we needed to take a comprehensive approach. We need new research into medicines, a review of bed occupancy and more deep cleaning in our hospitals. Even if we had all those things, however, there would be no guarantee that they would have the desired effect. As far as deep vein thrombosis is concerned, however, all that we need to do is to introduce mandatory risk assessments in all patients in the NHS, which is relatively easy compared with treating the superbugs. We know that that could save at least 15,000 lives a year and avoid the tragedy associated with this unnecessary loss of life.

The chief medical officer, having been asked to report on this matter by the Government, recommended that we should produce mandatory risk assessments for all NHS hospitals, certainly in England. He made that announcement last April. Shortly afterwards, National Institute for Health and Clinical Excellence guidelines were issued which contained the same recommendation for the risk assessment of patients using a relatively simple questionnaire, to enable doctors to work out what thromboprophylaxis—preventive treatment—could be applied. This devastating loss of life could be prevented at very low cost and, in some cases, at no cost at all. Those recommendations came out seven months ago, and we welcome the steps that the Government have taken.

The all-party parliamentary group on thrombosis conducted a survey, starting in August, that was published this week. It surveyed 174 NHS hospitals and received a very good response. Eighty-one per cent. responded, and 99 per cent. of those hospitals said that they were aware of the chief medical officer's recommendations on dealing with this condition—I stress that this is hospital-acquired; this is not DVT in the community—and of the NICE guidelines, both of which recommended mandatory risk assessment. We do not want to decry—indeed, we want to encourage—such responses in future, but sadly, fewer than a third—only 32 per cent.—actually implemented risk assessments on all their patients, as recommended. We calculate that it is seven months since the recommendations and guidelines came out.

Once again, I ask the House to listen carefully. We have heard figures on deaths from MRSA and C. difficile, but they are as nothing compared with the number of deaths from hospital-acquired deep vein thrombosis. We calculate that since April to today, approximately 11,000 patients have died. The all-party group on thrombosis and the excellent charity Lifeblood believe that those deaths were unnecessary and were relatively easily preventable. If we did something now, we could offset the cost of those who suffer this dreadful illness but survive—usually after orthopaedic surgery and general medical treatment—and re-present themselves to the NHS. No correlation is made with their presence in hospital, but the cost of those patients re-presenting themselves back to the NHS is £640 million a year.

I welcome what the Government have done since the Health Committee report two years ago. They have moved quickly and comprehensively, but we cannot wait another 18 months for these mandatory risk assessments to come into our hospitals, which could mean thousands, if not tens of thousands, more patients—especially in England, but in the whole of the UK—dying from this condition.

6.21 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great pleasure to follow the hon. Member for Vale of Glamorgan (John Smith), who made a powerful and well argued

point about an issue that I had not appreciated before. However, I would argue that it is not a question of having one or the other; we need to save lives in respect of both.

I shall speak mainly about C. difficile, as the hospital that most of my constituents have to attend has the worst rate of C. difficile in the country. I am pleased to see my hon. Friend the Member for Kettering (Mr. Hollobone) in his place, as I am talking about Kettering hospital. I know that my hon. Friend pays a great deal of attention to this matter.

The likelihood of someone getting C. difficile in Kettering hospital is three times the national average. I hope to make constructive points tonight, as I refer to a particular constituency case, but there must be some reason why Kettering hospital has such a high rate. One thing that we know about our primary care trust is that it is the worst funded in the country. The national capitation formula shows that, this year, our PCT is £38 million underfunded, as it has been for every one of the last four years—so we are talking about substantially more than £140 million. We know another important factor, which is that the hospital is very efficient, but that the capacity is never there. A bed is emptied and another patient goes in. We thus have underfunding, high capacity and the top rate for C. difficile. I do not want to make a party political point, but there does seem to be some correlation between the three. I do not believe that we could have the worst funded area, a highly efficient hospital and the highest rate of C. difficile without there being any sort of correlation.

I want to pay tribute to the staff of the NHS, particularly in my area. The doctors, nurses and ancillary staff are superb. They helped save my wife's life and I spent a lot of time in local hospitals seeing what happened. On the capacity problem, I recall my wife having a major cancer operation. She was lying in a hospital bed with drains; she had just come back from the theatre. The ward was full of course, and they cleaned it while she was there. They started to clean the bed and above it, and they sprinkled dust all over her, because they had no other opportunity to clean the ward. Lack of capacity is one of the problems we face. If there was more capacity in hospitals, and fewer targets, the situation would improve.

I know that the chief executive of Kettering hospital is working very hard to improve the situation there, and I understand that the latest figures show an improvement; I think we are now the fourth worst in the country, so we are going in the right direction.

Shona McIsaac: I am listening carefully to what the hon. Gentleman says, and it is clearly a concern if there is a particularly high incidence of clostridium difficile in his local hospital. Has he asked the hospital about their prescribing regimes, because generally speaking C. difficile is brought on only by over-prescribing powerful broad-spectrum antibiotics?

Mr. Bone: I am grateful to the hon. Lady for her intervention, and I listened to what she said in her powerful speech, but may I move on to discuss a specific case study? A number of people have come to see me about C. difficile in my area, and one family has been willing to go public about what happened. It is to do with the case of Mr. Frederick Harrison who, sadly, died a few months ago in Kettering hospital. Let me read what Mrs. Harrison, his daughter-in-law, said:

"My father in law was admitted to KGH in March 2007 after a fall. He was kept in overnight as he had a slight temperature. They then said he could not be discharged until the Monday because no Doctor was available to sign the paperwork. That weekend the ward he was in was closed to visitors for a week because of an outbreak of diarrhoea.

My father in law was then transferred to the new isolation unit as he had contracted C-diff. He was there for 4 months in isolation, no children allowed to visit, and visitors and visiting time was limited. Although all the nurses were absolutely fantastic he was told to soil the bed, which he found very distressing.

We were advised he was clear of the infection and he was moved to the Isebrook Hospital for rehabilitation. He started to slowly recover, but again after a fall, we were told the C-diff was back and he was transferred back to KGH isolation unit.

He died on 11 September 2007 after almost 7 months in isolation. There was no mention of C-diff on the death certificate.

On registering the death my husband was told that this was to keep the statistics down. This cannot be right. This is a horrible, degrading infection and we would not wish any other families to go through this. However we also could not have gone through a post mortem or inquest at the time, and did not contest the fact that it was omitted from the death certificate."

I think that many people would understand Mrs. Harrison's concern. She concluded by saying about Mr. Harrison:

"Yes he was 86 but before March he was reasonably healthy.

I am not a Doctor but after 7 months in isolation C-diff must have been a contributory cause of death."

I want to make the point that that highlights: there appears to be under-recording of deaths from C. difficile.

Andrew Mackinlay: I wholeheartedly agree with the hon. Gentleman. In the last Parliament, I drew that to the attention of the then Member for Welwyn Hatfield when she was a Treasury Minister, because the Office for National Statistics has responsibility for the veracity of the death certificates, not the national health service. This problem will go on and on unless Ministers instruct that if doctors and hospitals do not complete death certificates accurately and candidly that will be treated as a serious disciplinary offence.

Mr. Bone: I welcome, and agree with, that intervention. I have taken the matter up and have received a letter from the Society of Registration Officers. It says that it is not down to its officers to decide what is on a death certificate, but that they have to put down what the doctor says. I can understand that when Opposition politicians are jumping up and down and complaining, people in hospitals where there is concern about C. difficile are under pressure not to record the facts properly.

I know that the Government are beginning to take this seriously, because I have been given a document, dated 3 October, in which the chief medical officer says:

"there is still a widespread belief that the figures underestimate the mortality associated with both MRSA and C. difficile. This is compounded by the idea that doctors are reluctant to put information about HCAIs on certificates, or indeed that they are discouraged from doing so."

[Mr. Bone]

My point is that we must have tougher standards, so that we properly record the number of C. difficile deaths. Unless we do that, we will never be able to tackle the problem.

The Parliamentary Under-Secretary of State for Health (Ann Keen): The hon. Gentleman raises such an important point that I should answer it at this stage. There is a duty on doctors to record the cause of death accurately on death certificates. The chief medical officer wrote to all doctors to remind them of the importance of giving full and accurate information on death certificates. MRSA or C. difficile infection will be cited on a death certificate if the certifying doctor considers it to have been the underlying cause of death. Many patients who become infected with an HCAI have other serious and potentially fatal underlying medical conditions.

I assure the hon. Gentleman that I am aware of the case that he mentions and that the chief executive in Kettering has taken the point very seriously. I believe that we are addressing the hon. Gentleman's concerns.

Mr. Bone: I am grateful for the Minister's intervention.

My hon. Friend the Member for Kettering reminded me before the debate of our request last May for a Department of Health Minister to come to Kettering general hospital to examine the problems that it faces. We have not received a response to that invitation, so I would like to make it again today.

6.31 pm

Greg Clark (Tunbridge Wells) (Con): I pay tribute to my hon. Friend the Member for Wellingborough (Mr. Bone). His powerful speech went to the heart of an important problem, and I hope that the Minister will take it further into account.

I agree with my right hon. Friend the Member for Maidstone and The Weald (Miss Widdecombe): the overwhelming mood in west Kent is that we must move on and rebuild confidence in our local NHS having learned the lessons. If we are to do that, we must not ignore lessons that are still to be learned from the report. Discussion about the headline measures to tackle infection control has continued, but in the brief time available to me I want to mention four contributions that we must continue to take into account in the weeks and months ahead.

First, if any possible good could come out of the report, it is that it has concentrated Ministers' minds on the need for a new hospital to serve the people of west Kent. The two hospitals in my constituency, the Kent and Sussex and the Pembury, must be two of the most decrepit in the country. Pembury hospital is a converted workhouse. The buildings that are not part of the workhouse are wooden huts. It is impossible to imagine patients and staff of a hospital elsewhere in the country suffering from such conditions in the 21st century. I welcome my right hon. Friend's support, and I hope that the sad opportunity that this report has given us to press the case for a new hospital will ensure that it is delivered after decades of waiting.

Secondly, we need to go beyond the initial response on infection control and implement a zero-tolerance approach to hospital-acquired infections such as C. difficile. The national target of a 30 per cent. cut is fine as far as it goes, but we need to rebuild confidence to match the confidence that people on the continent and people using the private sector have in their hospitals. They fully expect to come out of hospital without having acquired an infection.

Greater urgency is required. The excellent matron of Kent and Sussex hospital, Linda Summerfield, took me on a tour of the wards recently. They were spotless and their cleanliness could not be faulted; nevertheless we saw physically inadequate facilities. In an intervention earlier, I mentioned the lack of changing facilities. The Royal College of Nursing is clear: every nurse should be able to travel to work in their own clothes and change on site into a uniform that is laundered on site and guaranteed to be free of infection. That is impossible at Kent and Sussex hospital, because the changing facilities have space for only a dozen people at a time, in a trust that employs many hundreds. There is an urgent need to address such facilities.

Curtains are another factor. It is imperative that hospitals have disposable curtains, rather than tatty old curtains that attract the spores that contribute to C. difficile. When I put that point to the trust's chief executive, he told me that there were plans to replace the curtains over time, but that is not good enough. The situation is urgent, so if it is clear that disposable curtains will make a difference they should be used throughout the entire trust immediately. I am concerned about the lack of progress on that issue.

We need to consider the adequacy of the management team that replaced the previous, inadequate team. We have a new, interim chief executive and I have no personal complaints about his authority or capability to manage the trust, but I am concerned about the fact that he is only part-time. He is also the chief executive of the Ashford and St. Peter's Hospitals NHS Trust in Surrey. The headline on the press release announcing his appointment was "Glenn Douglas to split time equally between two organisations".

A trust needing as much care and attention as ours requires a full-time chief executive. Of course, we require a skilled individual and I should be delighted if Mr. Douglas, with his skills, was appointed full-time as interim chief executive. He may be spending too little time at Maidstone and Tunbridge Wells although, to be fair, I do not think that is the case. However, we cannot engage in a smoke and mirrors exercise and pretend to people in Surrey that they have the full-time attention of their chief executive, given that hospital-acquired infections in his home trust increased by 88 per cent. over the past year. If there is one lesson we should learn from this whole episode it is that we cannot keep the public in the dark with nudges and winks about what is going on in the NHS. If the man is supposed to be running two trusts we need to know about it, and people in Maidstone and Tunbridge Wells need the same clear message as people in Surrey.

Finally, as we reflect on the grossly inadequate supervision given by the failed management of the trust over the past few years, we can see that there is a general problem of accountability. I would be hard-pushed to say to whom any of the NHS institutions in my area—the

strategic health authority, the Maidstone and Tunbridge Wells NHS Trust or the West Kent PCT—are accountable. If I ask questions of the Health Secretary about local issues he will say it is a matter for the local trusts, but I have no direct means of holding them to account, other than, occasionally, to embarrass them publicly, which is a crude mechanism. I hope that we will reflect on the lessons and design in the appointment of new non-executive directors, not just in our own trusts, but more widely across the NHS, a more genuine means to hold NHS managers to account.

We should make it clear to non-executive chairmen that they have a duty to the public. That applies to George Jenkins, the interim chairman of Maidstone and Tunbridge Wells trust, and every non-executive chairman of NHS bodies throughout the country. Their role is not always and everywhere to defend management. In the absence of anyone else—although that absence is a fault of the system—their responsibility is to represent our constituents and take management to task when necessary. The Maidstone and Tunbridge Wells non-executive directors and chairman failed abjectly in that responsibility. I look to the new chairman of our trust, and the new non-executive directors to be appointed, to exercise that role.

Mr. Oliver Heald (North-East Hertfordshire) (Con): My hon. Friend's description rings a bell. It is an example of systematic incompetence, which is a factor that we see across government.

Greg Clark: There is a pattern of incompetence, but also a pattern of a lack of accountability. That does not extend just to the NHS. One positive message that we can take from the situation to ensure that such an event is never repeated is to re-inject more accountability to local people into the NHS and other bodies that need it, so that managers feel that they are being scrutinised at all times.

6.40 pm

Anne Milton (Guildford) (Con): Of all the reports that hon. Members may have read recently, none is more damning or more distressing to read than the Healthcare Commission's report into the outbreaks of C. difficile at Maidstone and Tunbridge Wells NHS Trust. I have no doubt that the sense of betrayal among local people is immense. The success of the NHS is largely down to the confidence and trust that people have in the organisation and its staff. There is no doubt that the majority of NHS staff continue to work to achieve exactly that end. The rise in health care-acquired infections has seen the loss of that trust, a loss of confidence and an increasing sense that NHS staff are no longer in control of their own decision making.

We have heard some excellent speeches. I did not entirely follow the speech made by the hon. Member for Livingston (Mr. Devine), but I am concerned that his attempt to focus on the events of 20 years ago or more was simply an opportunity to deflect attention from the failures of the Government today.

As a former nurse, I thank my hon. Friend the Member for Ilford, North (Mr. Scott) for his tribute to nurses across the country. He gave a particularly evocative account of two of his constituents, one of whom sadly died. He also raised the issue of large payouts to senior managers, which continues to concern a number of hon. Members, particularly when those managers have presided over significant failures in trusts. He was generous, however, in his praise of the Secretary of State.

The hon. Member for Vale of Glamorgan (John Smith) was also generous in his political stance and raised the important issue of venous thromboembolism. The hon. Member for Wellingborough (Mr. Bone) mentioned his concern for his constituents, who are served by a hospital with the worse C. difficile rates in the country. As well as paying tribute to all NHS staff, he also mentioned the experiences of one of his constituents.

My right hon. Friend the Member for Maidstone and The Weald (Miss Widdecombe) talked about authority and accountability on the ward through the ward sister. I am sure that I speak for all hon. Members when I say that her anecdote about a nurse who went to use a syringe that had fallen on the floor was truly shocking. She also mentioned the confused role of senior nurses, nurses covering shortages and form-filling. She spoke with her usual and much-welcomed common sense.

The hon. Member for Cleethorpes (Shona McIsaac) spoke passionately about the prescription of broad-spectrum antibiotics. She paid tribute to her local trust, which I gather is a centre of excellence. She also mentioned the fact that figures can be extremely misleading.

My hon. Friend the Member for Tunbridge Wells (Greg Clark), like my right hon. Friend the Member for Maidstone and The Weald, was particularly touched by the recent events, which left 90 people dead, while 270 deaths had C. difficile cited as a contributory factor. My hon. Friend has campaigned long and hard for a new hospital and has been particularly concerned about the issues associated with built structures, nurses and their uniforms and the practices that are followed. No one knows better than him the urgency with which the matter needs to be dealt.

My hon. Friend the Member for Tiverton and Honiton (Angela Browning) mentioned leg ulcers. Labour Members mentioned research and the overuse of antibiotics. In particular, the hon. Member for Bridgend (Mrs. Moon) mentioned treatment with maggots. My hon. Friend the Member for Westbury (Dr. Murrison) talked about the need for the Government to face up to the situation and cited individual constituents' experiences.

My hon. Friend the Member for South Cambridgeshire (Mr. Lansley) spoke from the Front Bench and focused in particular on screening, isolation and bed occupancy. He also referred to the Government's plans for a deep clean. In particular, he noted that the Department of Health had said that there was no central programme for that, nor any plans to monitor progress, and that it was a matter for local determination. In addition, the Department said that no dates had been set for commencement or completion of the deep clean, that there would be no new money for it nor any repeat programme. Finally, my hon. Friend noted that the Department had supplied no news on training—perhaps the Minister will be able to bring us up to date about exactly what training will be given to help NHS staff to achieve this so-called deep clean. It seems to me, and I am sure to many Opposition Members, to be no more than a gimmick.

[Anne Milton]

A Healthcare Commission report was published in July in response to requests from the chief medical officer for ways to reduce infection rates. It stated:

"We found evidence that a significant number of trusts were also experiencing difficulties in reconciling the management of"

health care-acquired infections

"and cleanliness with the fulfilment of targets".

It would be awfully welcome if the Secretary of State listened to this bit, as it is the one that I do not think that he entirely understands. He needs to grasp the difference between targets and outcomes. He does not support outcome-driven activity, but he does support process-driven targets. For exactly the reasons cited in the Healthcare Commission report to which I have referred, he needs to pay attention because, if he continues with his obsession with targets, we will not see any improvements.

The report found that 45 per cent. of trusts were experiencing difficulties with accident and emergency targets. In addition, 29 per cent. of trusts told the commission about difficulties with waiting times and lists for the treatment of in-patients, while 36 per cent. reported that they had experienced difficulties reconciling the management of health care-acquired infections and cleanliness with the fulfilment of financial targets. The Secretary of State continues to deny that evidence.

Moreover, the report found that 46 per cent. of trusts do not have a programme to check the cleaning of beds and the spaces around them. Only 48 per cent. of trusts report all health care-acquired infections, and 19 per cent. report none. Another 26 per cent. report less than half of such infections, and 62 per cent. do not audit readmission to hospital of people suffering from them. The report is truly damning about what is going on.

Until the Secretary of State starts to listen, and to accept the causes and consequences of health care-acquired infections, rates will continue to rise. Protesting about the progress that has been made while denying the figures and causes will not get anywhere. The right hon. Gentleman asked that this debate be non-party political, but he must accept the facts. The problems are to do with bed-occupancy rates, targets, competing priorities, antibiotic prescribing habits, the number of nurses on wards and the number of hand basins available per bed. They are also to do with our built structure, and with training, monitoring, audit and the need to change practices on the basis of that audit.

The Secretary of State maintains that infection rates here are similar to those in the rest of Europe, but I doubt that that is any comfort to the relatives of the 90 patients who died in west Kent. We must adopt a ward-to-board approach, but hospital boards must be able to make decisions on the basis of clinical need, not of Government targets. That means that some targets must be let slip sometimes, but a culture in which senior managers do not listen to what is happening at ward level because they fear not meeting Government targets and thus getting sacked will mean that what happened at the Maidstone and Tunbridge Wells NHS Trust will occur again.

I urge the Government to look again at the debate. I urge them to rise to the challenge that health care-acquired infections raise. I urge them to return to decisions made on clinical grounds by clinical staff in clinical settings. I urge hon. Members to support the motion.

6.49 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): We have had a lively debate and covered much very necessary ground. I will endeavour to cover the numerous queries raised, but I hope that hon. Members will understand if I write to them if I am unable to answer specific questions.

What is clear from today's debate is that we all agree that tackling health care-associated infections is, and will continue to be, a key challenge for the NHS. It is also clear that the issue is not confined to England; it is a worldwide challenge. In fact, infection rates are higher in the United States, where medicine is practised and funded very differently from the NHS. We must learn from the tragic mistakes that we have heard about and redouble our efforts, of course, to ensure that every patient gets the safe, high-quality care from the NHS that is their right.

Hon. Members' contributions have been very informative. My hon. Friend the Member for Livingston (Mr. Devine) has, of course, great experience in the NHS and put his heart into dealing with the heart of much of the matter. We must have properly qualified staff who are dedicated to being part of our team, whether they are ward cleaners—the domestic staff, as they were called—or work right up on the board, as good, positive leadership is required.

Of course, the right hon. Member for Maidstone and The Weald (Miss Widdecombe) made some very relevant points. In particular, I agree with what she said about the sister or charge nurse who is in charge of the ward. Ward designs were mentioned. Of course, we cannot have separate rooms and isolation and continue to have Florence Nightingale wards, which she mentioned.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): On ward design, does my hon. Friend accept that the technology of hospital equipment is very important? Colson Castors has developed a microbiologically resistant castor specifically for hospital beds and trolleys. Will the Department consider that as part of the armoury of policies designed to curb such infections?

Ann Keen: I thank my hon. Friend for that comment. It is the duty of us all to look at every innovation and change in technology and science to help with this important health care issue. Hon. Members on both sides of the House have mentioned research, and we could consider it in an all-party way, because of the victims and their relatives and given the seriousness of not doing so. I make a plea to look at all the experience together to try to bring about a safer health care environment for all our constituents. To do that, much of Lord Darzi's review of the NHS is addressing one of the main issues—quality and safety—and I look forward to the consultation, to which Members who have spoken today will contribute.

My hon. Friend the Member for Vale of Glamorgan (John Smith) is a champion of tackling DVT, especially through the work of his all-party group, and patient safety is paramount to him.

I accept the invitation to visit, made by the hon. Member for Wellingborough (Mr. Bone), and it is very important that I do so. I have visited many constituencies to date and seen the improvement. In particular, I was able to see the change that has been made at the Countess of Chester hospital, when my hon. Friend the Member for City of Chester (Christine Russell) invited me to Chester—an area that I hold dear to my heart, because I started my NHS work as a clerk at Chester infirmary.

The hon. Member for Tunbridge Wells (Greg Clark) mentioned that money should be made available for changes in design and, very importantly, for patient safety. I remain concerned that money is being mentioned, because the money is available for such things to take place, and I am happy to investigate that further.

In relation to the uniform guidance—an issue that was raised by the Opposition Front-Bench spokesman—it is recognised good practice for staff to change at work before going home. There is no evidence of a risk of infection, but there is evidence of an effect on patient confidence, which is of course important.

We must remember that the latest figures from the Health Protection Agency show that we are heading in the right direction in tackling infection. I am looking forward to seeing how best we can demonstrate the effects in further reducing health care-associated infections. The further investment highlighted by the Secretary of State in his opening speech will cover further measures such as screening for MRSA for elective patients. It will also ensure that every acute trust has undergone a deep clean by 31 March next year. I hope that Members on the Opposition Front Bench will note that that is not a gimmick; it is a reality. It will happen by 31 March next year.

The private sector, in the main, undertakes elective surgery, which is very different from the work that our NHS does. The Health and Social Care Bill, introduced last week, will establish a new regulator. I urge hon. Members to vote to support the new tough powers that will allow that regulator to investigate and intervene on issues such as health care-associated infection.

The issues of targets and bed occupancy have been raised. Patients have a right to clean and safe treatment, regardless of where in the NHS they are treated. I am very clear that if trusts fail to deliver that, senior managers and trust boards will be held accountable. As has been said, that will go right down the line from the ward to the board. There are no excuses. The management of complex systems, such as health organisations, requires the balancing of many different priorities.

Mr. Lansley: Will the Minister give way?

Ann Keen: In a moment.

Anna Walker, the Healthcare Commission chief executive, said:

"targets are not to blame for the Trust's leaders taking their eye off the ball. Managers always have to deal with conflicting priorities and plenty of organisations do it successfully."

Nor do high levels of bed occupancy prevent trusts from reducing MRSA. Over the last 24 months, the extent to which trusts with high bed occupancy have reduced their MRSA levels is similar to that of low occupancy trusts. For example, Sherwood Forest Hospitals NHS Foundation Trust has reduced its MRSA rate significantly more than the national average, while maintaining high levels of bed occupancy. We are expecting a report from Professor Barry McCormick at the end of the year, which will update his previous report on bed occupancy.

My fellow Ministers and I were shocked by the situation described by the Healthcare Commission in its report into Maidstone and Tunbridge Wells NHS Trust. I have been on the record as saying that the report was "as serious as it gets." [*Official Report, Westminster Hall*, 23 October 2007: Vol. 465, c. 49WH.]

On behalf of the Government and the national health service, I would like to take this opportunity to apologise again to all those who have been personally and directly affected, and to offer again our condolences to the families of those who died.

Mr. Lansley: Will the Minister give way?

Ann Keen: I have not got time to give way.

I hope that hon. Members will be able to take some encouragement from this debate. Health care-associated infections are a challenge, not just for hospitals in the UK, but worldwide. However, as the Secretary of State and I have explained, the NHS is demonstrating that it is up to the challenge. That is nowhere more the case than in Wolverhampton, where leadership was provided not only by the director of nursing, Cheryl Etches, but by the chief executive, David Loughton, who reversed the most serious MRSA and clostridium difficile infections. They received the Secretary of State's award and the *Health Service Journal* award on Monday. We can praise—

Mr. Lansley: Since the Minister says that she and other Ministers were shocked, and that she is going to hold managers accountable, will she tell the House when she first saw the Healthcare Commission's report—the Secretary of State said he saw it on 9 October—and what action she took?

Ann Keen: I saw the report on 9 October and met the Healthcare Commission that afternoon. That happens to be what happened. What we are saying is happening on health care-associated infections is what we are doing. I ask the hon. Gentleman to support the work that is being done. If he really cares, he should work with us.

Mr. Andrew Robathan (Blaby) (Con) *rose in his place and claimed to move,* That the Question be now put.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly, That the original words stand part of the Question:—

The House divided: Ayes 200, Noes 301.

Division No. 007] **[7pm**

AYES

Afriyie, Adam	Atkinson, Mr. Peter
Ainsworth, Mr. Peter	Bacon, Mr. Richard
Amess, Mr. David	Baldry, Tony
Ancram, rh Mr. Michael	Barker, Gregory
Arbuthnot, rh Mr. James	Baron, Mr. John

Barrett, John
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hancock, Mr. Mike
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, Mr. Gerald
Hughes, Simon
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Rogerson, Dan
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Crispin Blunt and Mr. Richard Benyon

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise

Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Claire Ward and
Steve McCabe

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments):—*

The House divided: Ayes 286, Noes 196.

Division No. 008] **[7.14 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin

Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
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Eagle, Maria
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Foster, Michael Jabez *(Hastings and Rye)*
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Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Claire Ward and Steve McCabe

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey

Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hancock, Mr. Mike
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, Mr. Gerald
Hughes, Simon
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
Marshall-Andrews, Mr. Robert
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Rogerson, Dan
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Crispin Blunt and
Mr. Richard Benyon

Question accordingly agreed to.

MR. SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House recognises that healthcare-associated infections (HCAIs) are a worldwide problem; acknowledges that the recent Comprehensive Spending Review settlement for the NHS includes £270 million to tackle HCAI; welcomes the initiatives the NHS is taking to manage infection control, including a new "bare below the elbows" dress code, new clinical guidance to increase the use of isolation for infected patients published in September, every hospital to undertake a deep clean as part of a wider drive for a culture of cleanliness, matrons and clinical directors to report directly to trust boards on infection control and cleanliness, annual infection control inspections of all acute trusts using teams of specialist inspectors, and MRSA screening for all elective admissions next year; further welcomes the introduction of legislation for a new health and adult social care regulator with tough powers to inspect, investigate and intervene in hospitals that do not meet rigorous standards for cleanliness and a new legal requirement on chief executives to report all MRSA bacteraemias and clostridium difficile infections to the Health Protection Agency; believes that centrally determined targets for tackling HCAIs are the most effective way of ensuring infection levels are reduced in every hospital; notes that as a consequence MRSA bloodstream infection numbers are falling; and welcomes the Better Care for All PSA Delivery Agreement, which sets two new targets for the period 2010-11 to keep MRSA bloodstream infections below half the numbers of 2003-04, and to deliver a 30 per cent. reduction in clostridium difficile infections from the numbers in 2007-08.".

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

DEFENCE

That the draft Armed Forces (Service Complaints Commissioner) Regulations 2007, which were laid before this House on 8th October, in the last Session of Parliament, be approved.

That the draft Armed Forces (Redress of Individual Grievances) Regulations 2007, which were laid before this House on 22nd October, in the last Session of Parliament, be approved.—*[Tony Cunningham.]*

Question agreed to.

EUROPEAN DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

EMISSIONS FROM ROAD TRANSPORT AND INLAND WATERWAYS

That this House takes note of European Union Document No. 6145/07 and Addenda 1 and 2, draft Directive amending Directive 98/70/EC as regards the specification of petrol, diesel and gas-oil and introducing a mechanism to monitor and reduce greenhouse gas emissions from the use of road transport fuels, and amending Council Directive 1999/32/EC as regards the specifications of fuel used by inland waterway vessels and repealing Directive 93/12/EEC; and endorses the Government's aim of ensuring that the measure is cost effective, and that the target for reduction of greenhouse gas emissions does not lead to the use of unsustainably produced biofuels and is consistent with the biofuels target for 2020 endorsed in the Spring Council Declaration.—*[Tony Cunningham.]*

Question agreed to.

PETITION

Support for Armed Forces

7.26 pm

Bob Spink (Castle Point) (Con): Our service men and women are the bravest and the best in the world, and we are rightly proud of them, particularly those who serve in the most difficult places in Iraq and Afghanistan. We must adopt policies that will ensure that we provide them with the correct equipment while they are serving out there, and provide them with a better deal when they return to this country. It is with that in mind that my constituents, led by David Cain of Canvey Island, prepared the petition, which states:

The Petition of residents of Castle Point and others,

Declares that members of HM Armed Forces in Iraq and Afghanistan are fighting and dying, and that they lack basic equipment to do their job and there is insufficient appreciation and support from the Government for them and their families, particularly when they return from active service, and, in welcoming the provision of limited free postage, feel that the Government should go much further to give help and recognition.

The Petitioners therefore request that the House of Commons urges the Government to adopt more generous policies for serving and returning members of HM Armed Forces, and to give them priority in housing, in recognition of the contribution made by these brave men and women.

And the Petitioners remain, etc.

[P000065]

Policing (Northern Ireland)

Motion made, and Question proposed, That this House do now adjourn.—*[Tony Cunningham.]*

7.28 pm

David Simpson (Upper Bann) (DUP): I am very glad to have succeeded in obtaining this Adjournment debate.

Northern Ireland has made some progress in recent times, and we can see advantages of devolution in proper scrutiny, accountability and local decision making. Instead of killing the police, mainstream republicans have signed up to public support for the Police Service of Northern Ireland. Those are steps forward towards a final destination, but other issues still need to be tackled. We need a new beginning to parading. Victims and survivors of the troubles must be kept to the fore, not just in funding but on a settled, strategic basis. Equality issues cry out for reform. In time, we must move on to a more normal system of government, and it is vital that the IRA's so-called army council be stood down.

There are also serious issues surrounding the activities of dissident republican paramilitary organisations. Northern Ireland recently witnessed a stark and brutal reminder of our darker past. I know that I speak for all hon. Members when I condemn such attacks without hesitation. We all wish the police officers a speedy recovery, and wish, too, for speedy arrests, trials and convictions. That process would be greatly aided if, alongside words of condemnation, senior republicans, out of a sense of civic duty, passed on everything they knew about such people to the PSNI.

We must also tackle the continuing problem of loyalist paramilitary organisations. Yes, the recent announcement was a step that takes things a bit further along. However, more remains to be done to deal with weapons and to call time on all forms of criminal activity. We are debating policing this evening, and everything that ties up necessary police resources contributes to making society less safe and people less secure. That goes for loyalist as well as republican communities.

The current position of mainstream republicans also requires attention. The recent murder of Paul Quinn brought that to the fore once again. If it emerges that the IRA sanctioned that cowardly murder, will the Government take the view, as they did in the past, that democrats should be punished with the guilty, and say that we must continue to sit alongside them in an Executive? Would the Government then seriously propose devolving policing powers in such a setting? Have the Government genuinely learned so little? Is that what they expect—or perhaps what they expect of Northern Ireland politicians? Is that what they would call on the people of Northern Ireland to accept? If the Government are serious about devolution in Northern Ireland and about ever devolving policing and justice powers to Northern Ireland, they will display that seriousness now, or else they will show that they have not learned the lessons of recent years.

We must also consider how we can best assist the police in performing their duties. Northern Ireland needs a police college, and work needs to commence urgently. The Northern Ireland Office has been stalling over police community support officers. When will proper funding be forthcoming? That needs to be tackled, and

I urge the Minister to inform us exactly when the necessary steps will be taken and confirm that recruitment of police community support officers will definitely commence in April 2008.

We must also consider the way in which we deal with past crimes. There is a continuing denial by many of their past. That is especially true of the republican movement. There is huge denial by republicans about what they call collusion. On 30 July, Gerry Adams said:

"Collusion and the use of counter-gangs were an integral part of British policy."

Speaking at the so-called march for truth in Belfast, he stated:

"We are determined to campaign even though it may take a long time, until the British state acknowledges its administrative and institutional use of state violence and collusion...everyone knows that these tactics were employed by the British...but the British government has never acknowledged it... The extent of this cover-up is breathtaking."

He continued:

"Yes the British recruited, blackmailed, tricked, intimidated and bribed individual republicans into working for them and I think it would be only right to have this dimension of British strategy investigated also. If the British state used former republicans to do its killing for it then the victims of that policy have the right to truth also."

Mr. Adams is in the state of denial that has come to characterise Irish republicanism.

I now come to a more personal part of my speech, which is about a relative. On 1 May 1979, ex-Reserve Constable Frederick—or, as he was affectionately known, Eric—Lutton was murdered by the IRA outside a National Trust attraction in the village of Moy, in County Armagh. A police radio alert called officers who were on patrol in the area. It told them that a shooting had occurred and that a Renault car had been used as the getaway vehicle. Those officers arrived at the scene as Mr. Lutton was being placed inside the ambulance. They set up a vehicle checkpoint five miles from the incident, at which they stopped a cattle lorry coming from the direction of the shooting.

Inside that lorry were two brothers, well known smugglers with deep republican connections. The names of those two brothers have been forwarded to the historical inquiries team. As the police questioned the driver, one of the officers looked in the back of the truck. Inside was a Renault car matching the description of the getaway vehicle. The brothers were questioned about that and offered no credible explanation. Both were arrested under section 14 of the prevention of terrorism Act, "on suspicion of being involved in terrorist activity". The two brothers were separated. One took the truck with a police escort to Gough barracks in Armagh, which we all know, and the other was taken in a police vehicle.

That happened within 30 minutes of the shooting and less than five miles from where it took place. Yet today no record is to be found with the police of those two brothers or their arrest. Did they enjoy protection or immunity from prosecution? It has long been asserted by police officers that that was the case, and that another well-placed officer who was a relative of the two helped, as it were, to "get it fixed" for them. Tonight we have to ask: was that the case?

As the ambulance carrying Mr. Lutton approached the hospital, a local cleric stopped his car in the middle of the road, blocking its path. He was made to move his car and Mr. Lutton was admitted to hospital, where he died. Why were no charges ever brought against that individual? We do not know whether Eric would have survived—probably not—but impeding the medical assistance of a gravely wounded police officer not only was immoral, but helped to ensure that he would never provide any testimony about who was responsible.

While at the family home, investigating officers discussed the case in front of Mr. Lutton's wife and family. They identified one Mr. Francie Molloy as a live suspect in the killing. They discussed the need to pursue a thorough investigation of Mr. Molloy. To a man, the investigating officers agreed that that was a vital line of inquiry. All that was discussed openly, in front of Mr. Lutton's wife and family. Molloy was well known to the police, yet none of this was ever fully investigated. Why was he not properly investigated?

As well as being a suspect in the Lutton case and known to the police, Francie Molloy was well known—this information comes from the police—for a series of sexual indiscretions. That was to rebound on Francie Molloy. He was caught by the security forces in a compromising position. As a result, he was recruited as an informer for the police. He would make regular contact with a handler at a public phone box near a road haulage company in town called Tamnamore, in County Tyrone. During the years that followed, Molloy passed on information to the police in Northern Ireland. That helped them to break open the IRA's notorious east Tyrone brigade. Prior to Molloy's recruitment, the east Tyrone brigade had been virtually impregnable. After it, the brigade suffered setbacks, taking direct hits and losing personnel.

Any right-thinking person would wish to welcome the fact that the police in Northern Ireland were able to run agents against the IRA and to compromise it. But during that time, even though Molloy was an informer, it is also true that innocent people were attacked, injured and murdered, and he said or did nothing to prevent that. He was less than a willing informer. While he gave over enough information to help to compromise the IRA in east Tyrone, the question still lingers as to whether he gave everything he knew. How many of Molloy's neighbours lived under threat? How many were forced out of their homes, attacked, injured, killed or bereaved while he did nothing? Any good that he might have done by acting as an informer against the IRA, and by helping to compromise the east Tyrone brigade, was more than cancelled out by his callous disregard for the lives of his neighbours.

Today, Francie Molloy is Deputy Speaker of the Northern Ireland Assembly. He is also the Sinn Fein spokesman on victims. If ever anyone was wholly unsuitable for such a position, it is Francie Molloy. Gerry Adams has said that the truth behind republican informers—or touts, as they are called in Northern Ireland—ought to be told. However, he has described all such people as former republicans. How can this particular tout be a former republican when he remains a Sinn Fein MLA and his party's spokesman? How can he be a former republican when he is Sinn Fein's nominee for the position of Deputy Speaker in the Assembly? The denial that runs right to the very top of Sinn Fein is still very evident.

I have been criticised by some for doing what I am doing here tonight. I want to make it perfectly clear that I am taking this step in order to ensure that a story that

[David Simpson]

needs to be told will be told. The police in Northern Ireland infiltrated the republican movement, and they were helped by agents such as Francie Molloy and others yet to be exposed, whose activities weakened it from within. That the security forces would run agents was only to be expected, and that those agents would be people like Molloy who were usable in that way was predictable. However, the fact that someone such as Molloy chose to allow innocent people to die is reprehensible, and that is why he deserves to be exposed here tonight. I make no apology for doing that.

There is a clear need to deal with the past in Northern Ireland, and in particular, with the policing of the past. I—and many, if not all, Members of the House—have the highest regard for the brave officers who protected the people from those who were intent on their murder. Today, however, there are many unsolved cases, grieving homes and vacant chairs. Many people do not even know the story of how their loved ones were cut down. We must give that to them.

When I compare the money thrown at inquiries with the relatively small amount of funding that has been granted to the historical inquiries team, I have to ask whether the money could not have been better spent. We now also have Eames-Bradley consultative group. That group must not be used as a replacement for our competitor against the historical inquiries team. It is also important that there be no simple, one-size-fits-all attempt at a solution. Rather, there must be an approach that allows for individual grief to find expression—and, we hope, eventually some comfort.

The past in Northern Ireland still cries out for its pain. The Bible contains this lament in verse 11 of chapter 8 of the book of Jeremiah:

"they have healed the hurt of the daughter of my people slightly, saying Peace, peace: when there is no peace."

In attempting to bring some kind of healing to the many in Northern Ireland who still carry the painful legacy of our past, we need to ensure that that we do not inflict the same upon them.

7.45 pm

The Minister of State, Northern Ireland Office (Paul Goggins): I begin by congratulating the hon. Member for Upper Bann (David Simpson) on raising the issue of Northern Ireland policing in tonight's Adjournment debate. I know that he follows this issue very closely, not least because he is a member of the Policing Board. I hope that he will understand why it is not possible for me to comment on the detailed allegations and statements that he made, particularly in the latter part of his speech, in respect of the murder of Frederick Lutton—or Eric to the hon. Gentleman, as he was a close relative. I will say, however, that Mr. Lutton, as a reservist RUC officer, was playing an important role in trying to keep the peace and maintain law and order at that time. He was one of the 3,368 innocent people who—needlessly and often in a very violent way—lost their lives during the troubles.

I can tell the hon. Gentleman that all those deaths have been referred to the historical inquiries team and they will be looked into. There is an initial period in which the death is reviewed and information is sought; a decision is then made about whether to proceed with a full investigation or move to what is called the resolution of the particular case. That entails sharing as much information as possible with the family so that, as far as possible, the situation is explained and the family can somehow come to terms with its tragic loss. Let me assure the hon. Gentleman that there will be no interference in that process by any external force. It is a policing matter and a matter for the historical inquiries team, which conducts its inquiries as it sees fit. It is perfectly independent and free so to do.

When we talk about policing in modern times in Northern Ireland as being a very positive influence on society, we in no way seek to detract from or criticise those who policed Northern Ireland in the past. It is very important to say that. Officers often had to deal with very difficult, almost impossibly challenging circumstances; we owe them a debt and pay due respect to them. It was important, however, for policing to move on as well.

At the international policing conference held in Belfast in February, senior police officers from around the world attended to hear about developments in Northern Ireland and it became clear that Northern Ireland policing now sets a standard for policing around the world that others seek to follow. I certainly pay tribute to the Chief Constable, Sir Hugh Orde, and his senior team, who have provided great leadership to the Policing Board under the chairmanship of Sir Desmond Rea. As I have already mentioned, the hon. Gentleman is a member of the Policing Board, which has helped to guide and shape policing in Northern Ireland and to hold policing to account.

There is also the Police Ombudsman for Northern Ireland, a position held until recently by Nuala O'Loan. She often showed great courage and held the position with distinction. She is now succeeded by Al Hutchinson, who I am sure will continue to carry out the responsibilities in a similarly effective way. District policing partnerships are also important. Those two roles—the ombudsman and the district policing partnerships—provide additional scrutiny to policing in Northern Ireland, which is very welcome.

The change has been accompanied by a growing confidence in policing. According to figures confirmed just this week, there is now 78 per cent. confidence in policing in Northern Ireland, which is tremendously encouraging when we look across the community there and think of where we have come from. There are a number of reasons for that. First and foremost, the Police Service of Northern Ireland is helping to bring crime down. I am able to say that 2,000 fewer crimes were committed last year than in the previous year and since 2002-03 there has been a 15 per cent. fall in crime. I am also pleased that the Policing Board has in setting priorities for reducing burglary and vehicle crime seen its ambitions fulfilled—there have been large reductions in those areas.

The PSNI has become more representative of the communities it serves. That more needed to be done to encourage people from the Catholic community to enter the police service was a key Patten recommendation. He reported at the time that only 8 per cent. of the PSNI was Catholic. There is now 23 per cent. Catholic representation and that is on the way to being 30 per cent. by 2010-11. A police service more representative of the community it serves will generate greater confidence.

There is also the historic decision taken by Sinn Fein earlier this year to support policing and the rule of law, enabling it to encourage people from the communities it represents to report crime, but also crucially to take their place on the Policing Board and district policing partnerships. Their support for policing has been fundamental and has underpinned the devolution settlement in Northern Ireland.

A fourth reason for growing confidence in policing is the model, or style, of policing in Northern Ireland. In the past there has had to be a more remote, security-style of policing, but now we are able to move to neighbourhood policing—to community policing and policing with the community—which will always engender a greater degree of confidence.

Effective policing in Northern Ireland requires adequate resources and I am confident that, following the comprehensive spending review settlement, we will be able to provide the necessary financial support to make sure that Northern Ireland continues to be properly policed. At present, there are 7,500 regular police officers in Northern Ireland, and we understand why that figure is rather higher proportionally than in England and Wales. My right hon. Friend the Secretary of State made it clear in last week's Northern Ireland questions that that level of investment in policing must continue to be justified, but we still face considerable risks and threats. As the Gentleman alluded to, the attacks in recent days on officers Doherty and Musgrave confirm the threat that still remains from dissident republicans. It is encouraging that all political leaders in Northern Ireland immediately, clearly and unequivocally condemned the attacks on those two officers.

What is now needed is for people deep within the communities to step forward, to stand shoulder to shoulder with their police officers and to make sure that those responsible are brought to justice. It is important that statements are made, evidence is given and the right thing is done so that the people responsible are put behind bars where they belong. I am pleased to report that when I visited the police at Dungannon last Tuesday afternoon in the wake of the shooting of the second officer, I found officers who were upbeat and confident and who remained absolutely determined to serve their community and to make sure that the right thing is done and that justice prevails.

I, of course, join the hon. Gentleman in condemning absolutely the brutal murder of Paul Quinn some weeks ago. That matter is subject to police investigation, which will continue to be led by the Garda Siochana because the murder took place in the Republic. It will report in due course, as will the Independent Monitoring Commission. I know that the hon. Gentleman will pay particular attention to comments from both those sources.

As the hon. Gentleman said, May 2007 was a significant time in Northern Ireland, and I was pleased to hear him extol the benefits of devolution. He is entirely right that having both this degree of scrutiny and political leadership in action at the local level—led, of course, by his colleague the right hon. Member for North Antrim (Rev. Ian Paisley), who is sitting with him this evening—is a huge step forward in terms of democracy and governance in Northern Ireland. It is good that local Ministers are now running the schools, the hospitals and all the important public services.

I understand why it was not possible in the first stage of devolution to devolve policing and criminal justice powers, but people did vote for the whole devolution package, and in time they will want to see the whole of it delivered; they will want devolution to be completed.

The hon. Gentleman will know the legislative procedure that we now adopt. The Assembly will make a report to the Secretary of State about the degree of readiness for the devolution of policing and justice powers in March next year. The key moment will come when the parties, together, want that devolution and the Assembly formally requests it. In the meantime, I assure him, his colleagues and all politicians in Northern Ireland that the Secretary of State and I will continue to work in partnership with the devolved Ministers to ensure that the people of Northern Ireland are properly protected.

The hon. Gentleman mentioned several other issues, including parading. It is important that the peaceful parading of the past two years continues. That is why we established a review under the chairmanship of Lord Ashdown to see whether a consensus could be formed about how to ensure that parading continues in Northern Ireland in a sustainable and peaceful way, without the disruption and destruction that often occurred in the past.

The hon. Gentleman asked about progress on the police college. I assure him that we are determined to see the police college delivered. More than that, we want an integrated college that will also train firefighters and prison officers. A project board is in place, and we are determined to ensure that that project is delivered. He also asked about police community support officers. As he knows, we have taken powers in this House to ensure that PCSOs can operate in Northern Ireland. I know from recent discussions that the Policing Board and the Chief Constable remain committed to that. An implementation date for the arrival of the first PCSOs has yet to be finally determined by the Chief Constable, but I am sure that he will take that decision in due course.

The hon. Gentleman mentioned the commission on the past, which is being led by Lord Eames and Denis Bradley. It is important that they do their work, consulting people and communities across Northern Ireland to see whether it is possible to obtain a consensus about the way forward—they are not trying to bury the past or ignore it. The hon. Gentleman mentioned the resources that go into policing and inquiring into the past. It increasingly comes into focus that every pound spent on policing the past is one that we cannot spend on policing the present. I am sure that Lord Eames and Denis Bradley will report on that issue, among others.

Policing in Northern Ireland has come a long way, but it still has further to go. Al Hutchinson's final report as oversight commissioner described progress to date as the

"beginning footsteps in a long journey".

We know that everybody in politics in Northern Ireland is now committed to that journey. I am sure that in due course it will lead to a permanent, peaceful and prosperous Northern Ireland where children can grow up with a bright future ahead of them.

Question put and agreed to.

Adjourned accordingly at three minutes to Eight o'clock.

House of Commons

Thursday 22 November 2007

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

BUSINESS, ENTERPRISE AND REGULATORY REFORM

The Secretary of State was asked—

Social Tariffs

1. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent assessment he has made of the potential contribution of social tariffs to the reduction of fuel poverty in North-West Leicestershire. [166782]

The Minister for Energy (Malcolm Wicks): We have made no assessment of the individual contribution that social tariffs have made in specific locations. However, following publication of the energy White Paper, we continue to work closely with Ofgem and energy suppliers to analyse the range of social programmes—including tariffs—that suppliers currently offer, in order to draw out best practice and highlight where improvements are needed. Across Great Britain, about 700,000 households are on social tariffs, rebates or trust funds.

David Taylor: The numbers in fuel poverty have doubled since 2003, but can be dramatically reduced if suppliers implement in a meaningful way the energy White Paper challenge to offer social tariffs to their fuel-poor customers. Does the Minister agree that the upcoming energy Bill should give Ofgem reserve powers to require a minimum standard for social tariffs, to avoid the situation in which some Scrooge suppliers backtrack on voluntary commitments and dilute their initiatives to the meagre penny-pinching level of those who offer the least?

Malcolm Wicks: We recognise that after years of progress in reducing the number of households affected by fuel poverty, the numbers are now increasing because of rising energy costs, which are, of course, a global phenomenon. I have met all the chief executives of the major supply companies to talk about the importance of social tariffs. Some companies are doing well and others are now moving in the right direction. We are keen that social tariffs—alongside social policies such as energy efficiency programmes and the winter fuel payment—should play a full part in tackling fuel poverty.

Post Offices

2. **John Barrett** (Edinburgh, West) (LD): If he will make a statement on the post office closure programme in Scotland. [166783]

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): On 17 May my right hon. Friend the Secretary of State announced the Government's response to the public consultation on the post office network. Post Office Ltd is now carrying that forward through local implementation plans, and there will be six such plans for Scotland. The first area plan for Scotland, for the Greater Glasgow, central Argyll and Bute area, is out for local consultation. The plan covering the hon. Gentleman's constituency is scheduled for consultation in August next year.

John Barrett: I thank the Minister for that answer, but given that the Government have announced 2,500 closures across the country, can he assure the people of Edinburgh that that will be a genuine consultation? Or has he already decided on the number of offices to close, so that all he is prepared to discuss is the method of execution?

Mr. McFadden: The announcement on 17 May did indicate the number of offices that would close, so the consultation, in the hon. Gentleman's area and in others, is about how that is to be implemented. Postwatch and the local authorities will be involved, and the hon. Gentleman and his constituents can be involved, but the direction of travel was set by the announcement. The reasons are clear: as a society, we are using the post office less than before. Some 4 million fewer customers a week are going through the doors of post offices, which are losing, collectively, some £3.5 million a week.

Mr. Russell Brown (Dumfries and Galloway) (Lab): My hon. Friend knows only too well that it is usage of, and footfall in, sub-post offices that will ensure that they continue to operate. Is he in a position to speculate as to how many Members of Parliament will, on reaching retirement age, open a Post Office card account to receive their state pension?

Mr. McFadden: I would not like to speculate on that. At the moment, eight out of 10 pensioners choose to have their pension paid into their bank account—and among new retirees, that figure is nine out of 10. My hon. Friend is right to point to the trends in lifestyle that are driving many of the changes. However, we should give credit to the management of the Post Office for innovating and developing new products, such as broadband services, selling foreign currency and—of relevance at this time of year—the recent launch of the Christmas pre-payment scheme, which will offer a secure outlet for people who want to save for Christmas in that way.

Mr. Mike Weir (Angus) (SNP): Despite what the Minister says, the Post Office has made it clear to campaigners in Scotland that if a post office is saved from closure after a local campaign, another post office in the same area will simply be closed instead. Will that not pit community against community? Does it not demonstrate that the whole consultation process is a

sham, and that the Post Office is simply engaged in an exercise to cut the network—an exercise that is being pursued in Scotland, despite reports that it has been put back in many areas of England because of the local elections in May?

Mr. McFadden: The announcement on 17 May made it clear that the size of the network would have to reduce. There is no secrecy about it. The local consultations are about how that is to be done. It is true that the network must reduce in size, and that is accepted by the Federation of SubPostmasters, and by most witnesses to the Select Committee on Trade and Industry when it examined the issue.

Carbon Capture

3. **Paddy Tipping** (Sherwood) (Lab): What financial support he is making available to carbon capture and storage projects. [166784]

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): On Monday my right hon. Friend the Prime Minister launched the competition for a commercial-scale carbon capture and storage demonstration project. My Department will support up to 100 per cent. of the additional capital and operating costs of the project, which will be selected through a competitive process. In addition we have a £35 million programme for carbon abatement technologies, including CCS.

Paddy Tipping: I am grateful for that reply, and for this important initiative. Does the Secretary of State accept that the electricity generators feel that there have been long delays in bringing the programme forward? Secondly, there are concerns about the kind of technology being evaluated—post-combustion rather than pre-combustion. Can he say whether there will be only one winner of the demonstration project, or is there scope for more applicants?

Mr. Hutton: My hon. Friend is right to raise those points. I have great respect for him, and I know that he is a strong supporter of what we are trying to do. Given the technical complexity of the technology it was right and proper for the Government to select one type of competition to run. When we have done that, clearly we have to make a choice. It is worth reminding ourselves that only two other countries in the world are seeking to develop projects like this. Post-combustion technology will give the United Kingdom a potential leading role in developing this important technology, which could play a significant role in meeting our carbon reduction targets by 2050. I understand my hon. Friend's frustration. We are trying to move forward as quickly as possible on this project, but given the scale of the technology and the issue of public finance, it is right that we make these decisions appropriately.

Lembit Öpik (Montgomeryshire) (LD): Given that the first proposed UK carbon capture and storage demonstration plant seems at least seven years away, as the hon. Member for Sherwood (Paddy Tipping) implied, how will the Secretary of State ensure that new fossil fuel generating capacity will necessarily include the CCS capability to meet the emissions goals? What carbon price does he estimate will persuade UK energy producers to include CCS in their fossil fuel-based generation designs as a matter of course?

Mr. Hutton: I am grateful that the hon. Gentleman is a supporter of what we are trying to do and carbon capture generally, as I hope all hon. Members will be. In relation to his two points, we will be publishing some proposals in the very near future on aspects of capture readiness which should be included in the consenting process, and how this might work in practice. On the economics of carbon sequestration, we want to see a much more robust and strengthened trading scheme. Clearly that must involve a much higher price for carbon. We need to see how phase 2 beds in and then we have important decisions to make for phase 3, which will be the moment when we have to address the issue that the hon. Gentleman raised.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): May I tell my right hon. Friend that when the Trade and Industry Committee met staff of the EU Commissioner for Energy we were told by an energy economist that what was required in the United Kingdom were four demonstration plants and 15 in Europe. To judge from what my right hon. Friend has just said to my hon. Friend the Member for Sherwood (Paddy Tipping), we are not going to see that kind of investment in clean coal technology. If we do not see it, we will not be able to have that technology on stream, and as a result we will meet the energy crisis much earlier than we will be able to have nuclear power stations on stream. Therefore it is important to concentrate our efforts on getting clean coal technology up and running. Has my right hon. Friend had meetings with the Energy Commissioner, and if so, what has been the outcome?

Mr. Hutton: I am tempted to say that the European Commission would say that, wouldn't it? The United Kingdom is willing to play its full role, but other countries in the European Union should, too. I am not aware of any EU country other than the UK that has made a commitment to funding a CCS project. My hon. Friend asks whether we can support up to four projects. I do not think that that is possible. We believe that we can fund one significant-scale demonstration project. I still believe that, having chosen this particular path of post-combustion coal and of running a competitive process which, if we had taken the advice of the Conservative party, we could not have run, the United Kingdom has the opportunity of being a world leader in this important technology. It can bring significant growth to UK manufacturing companies and engineering consultancies. We are being responsible. We are committing public money, so there will always be a limit—the Conservatives may have forgotten that—to the amount the public can afford to put into such technologies.

Economic Partnership Agreements

4. **Mr. Andy Reed** (Loughborough) (Lab/Co-op): What progress is being made in negotiations on economic partnership agreements; and if he will make a statement. [166785]

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Mr. Gareth Thomas): There has been progress in discussions between all African, Caribbean and Pacific regions and the European Union, and further negotiations will take place next week. We continue to work to maximise the development benefit from economic partnership agreements.

Mr. Reed: As my hon. Friend knows, there is a great deal of criticism of the speed with which some of the deals are being done, especially in countries that feel under pressure to achieve a preferential deal by the end of the year. What measures is he taking to ensure that the deals are good for the countries involved, and that they are not being forced into taking something they do not want? What exactly are the development benefits that he foresees from such deals? There is a great deal of scepticism about what they are.

Mr. Thomas: As my hon. Friend rightly says, concerns have been expressed, in particular by some civil society groups, about the pace of the negotiations. However, I remind the House that we have known for a considerable time that we would be in this situation, and that we continue to hear from all developing countries in the ACP regions that they want to negotiate an economic partnership agreement. The specific development benefits that we have fought for, and secured, are that all ACP regions should have duty and quota-free access to the EU market. We have achieved that, albeit with transitional periods for two products. Furthermore, we want much simpler rules of origin to maximise the benefits of that duty and quota-free access offer, and there has been significant movement in that direction, although we would have liked a little more.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): As the hon. Member for Loughborough (Mr. Reed) has just said, the agreements have to be concluded by 31 December, so time is short. As the Minister knows, the EU Commission is using its full might to negotiate with some very small countries in the ACP regions. Over recent weeks I have visited a number of those countries, where I met senior Ministers—and there is concern because they feel that the British Government have not stood up enough to make sure that proper impact assessments have been carried out so that the severe downturn in jobs and employment, and the damage to some of their economies, can be properly cushioned by a realistic package of international development assistance. Before signing the agreements, what will the British Government do to ensure that the transitional assistance is in place?

Mr. Thomas: My right hon. Friend the Secretary of State for International Development and I, and other Ministers, have been in discussion with a series of developing countries in each ACP region. As I have pointed out, all developing countries indicated that they continue to want to sign economic partnership agreements. The hon. Gentleman is right to say that there will be some adjustment costs and he will, I am sure, have noted the significant increase in funding for development through the EU development fund and in the bilateral budgets of a range of EU member states to help with the costs of adjustment. In addition, we have secured commitments from the commissioner that the pace of market opening from the ACP regions will be at the pace that the ACP countries want. Indeed, markets for some goods from the ACP regions will not have to be opened at all.

Nuclear Power

5. **Mr. John Whittingdale** (Maldon and East Chelmsford) (Con): If he will make a statement on Government policy on nuclear power generation. [166786]

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): We have consulted on the basis of a preliminary view that it is in the public interest to give private sector energy companies the option of investing in new nuclear power stations. The consultation ended in October, and I shall announce a final decision early in the new year.

Mr. Whittingdale: But does the Secretary of State not accept that unless he moves quickly to announce the decision to go ahead with the new generation of nuclear power stations, energy companies will have no alternative but to invest in new conventional power if they are to fill the coming energy gap? Does he accept that there is growing public support for investment in new nuclear power, not least in communities such as Bradwell-on-Sea in my constituency, which have had long experience of living next door to a nuclear power station?

Mr. Hutton: I am genuinely grateful to the hon. Gentleman for those comments, and I agree with him about the need to make the decision as quickly as possible. The consultation shows that his view of where public opinion is moving is also mine. There is little doubt that people are concerned about both the challenge of climate change and the importance of future energy security for the UK. I hope that he will exert his best endeavours to persuade his right hon. Friend the Leader of the Opposition that nuclear power should not be a last resort.

Kelvin Hopkins (Luton, North) (Lab): Instead of building nuclear power stations, there is the possibility of using generating barrages—particularly in the Severn, but there are many other strongly tidal estuaries around Britain's coast that could equally well provide power generation. Will my right hon. Friend look at those first, before he considers nuclear power?

Mr. Hutton: I agree with my hon. Friend in many respects, and my view is that we must look at all these things simultaneously. The clock is ticking. Time is running out. We do not have the luxury of sitting back, luxuriating, to consider the various options. We have now got to make decisions. On renewable energy, I agree strongly with my hon. Friend that we should explore, as aggressively as we can, sources of tidal power. We have committed ourselves to undertake a series of feasibility studies that will extend not just to the Severn barrage, but to other projects across the UK that have potential, and I hope that he will support us in getting on with that as quickly as possible.

Peter Luff (Mid-Worcestershire) (Con): When the Secretary of State gave his very persuasive evidence to the Business, Enterprise and Regulatory Reform Committee

on Tuesday, he indicated that planning permission exists for some 30 GW of generating capacity—I think that he was indicating section 36 consent—a very large proportion of which will not be constructed in practice. Is his Department's view that there is a very large generating gap for which new nuclear, renewable or even conventional generating capacity must be built, and for which consent does not exist currently?

Mr. Hutton: The National Grid produces an annual statement of its assessments of the gap, as the hon. Gentleman describes it, and of what is in the pipeline. Our information is that steps are being taken to ensure that the necessary margin of energy supply will be available to the UK when we need it. I hope that I have made the position clear to him and his Committee, and I thank him for the very nice words that he said at the beginning of his question.

Ms Patricia Hewitt (Leicester, West) (Lab): Does my right hon. Friend agree that the best way to get the long-term investment that we need in both low-carbon and no-carbon energy is to set a high price on carbon? Is it his judgment that the next stage of the European emissions trading scheme will, in fact, enable that price on carbon to be set effectively?

Mr. Hutton: Yes, I agree strongly with my right hon. Friend about the importance of the emissions trading scheme, and I thank her for all the work that she did when she was leading my Department. She did an excellent job. Our aim is to make the scheme the principal mechanism in helping us to meet the challenge of climate change and reduce carbon emissions. I agree with her strongly that the proof of the pudding will be in setting an effective market price for carbon—and that would certainly be higher than it is at the moment.

Mr. John Redwood (Wokingham) (Con): How do the costs of new nuclear power compare with those of other low-carbon or no-carbon technologies, and what kind of taxpayer guarantee or subsidy would be needed at current carbon prices?

Mr. Hutton: We have published all that information in the energy White Paper, and I am very happy to send it to the right hon. Gentleman. All our work indicates that nuclear electricity will be a very cost-effective form of energy supply for the future. One of the significant challenges that we must also address is that we need our energy to be clean and secure, but the price must be affordable for consumers and businesses. The information is in the public domain; I will happily share it with the right hon. Gentleman, and if he wants to discuss the detail, I look forward to having that discussion with him.

Mr. David Drew (Stroud) (Lab/Co-op): I hear what my right hon. Friend says, but the basic integrity of the industry involves the people who work in it, and there is real concern in the industry about the number of jobs being lost and the increased reliance on contractorisation. Will he meet colleagues in the House who are interested in how we can maintain, and indeed restore, the vitality of the industry, so that we can prevent any future job losses and give the industry a chance in the future?

Mr. Hutton: Yes, I am happy to do that, and to discuss the issues with my hon. Friend. I agree that among the most important assets of the industry are the people, and the skills they represent. If we are going to confirm the preliminary decision, we must make the right decisions to ensure that the industry, going forward, has the right array of skills to do its job properly.

Renewable Energy (Public Buildings)

6. **Bob Russell** (Colchester) (LD): If he will hold discussions with ministerial colleagues on the installation in all new public buildings of low-carbon electricity and heat generators powered from renewable energy sources. [166787]

The Minister for Energy (Malcolm Wicks): I regularly meet Ministers in other Departments, in particular the Department for Communities and Local Government, to determine how to improve the overall sustainability of both new and existing non-domestic buildings, including those owned or occupied by the public sector. The hon. Gentleman is right: new public buildings should be exemplars of energy efficiency, renewable technologies and sustainable development.

Bob Russell: I am grateful to the Minister for that helpful response. May I encourage him to develop incentives across central Government and, in particular, local government, so that what he has been discussing with ministerial colleagues can be delivered? For example, two major public buildings—a new art gallery and a new football stadium—are currently being constructed in my constituency, neither of which have any energy-producing mechanisms. Had the incentives been there, those would have been included.

Malcolm Wicks: At the moment, the picture is mixed, and that is not good enough. There is good news in Croydon: the Ashburton learning village, which includes a new school, has a fantastic array of photovoltaics. It is good example of how—through both the low-carbon buildings programme and the work of the Department for Children, Schools and Families—a lot more money is going into renewable technologies in our schools. That has not only an environmental impact, but an educational one, because when children learn about their relationship to energy and energy's relationship to global warming, we begin to win the minds, as well as the hearts, of the next generation. I recognise that we need to do more.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Has my hon. Friend had a chance to see the report from the Renewables Advisory Board, which was published yesterday? Apparently, the RAB says that the market for equipping zero-carbon homes with energy from renewables could amount to almost £2 billion a year, but that under current projections, there will not be enough firms supplying biomass boilers or solar panels to meet the increase in zero-carbon housing. What is he doing to help meet the Government's admirable targets in this area, which were set out by the Prime Minister earlier this week?

Malcolm Wicks: The key text is Sir Nicholas Stern's report. I think that we all recognise that although we have a challenge in terms of global warming, we also have an economic and commercial opportunity. There will be an array of new business opportunities and new businesses as we grapple—it is a challenge—with concepts such as zero-carbon dwellings, renewable technologies and the decommissioning of various plants. These are new opportunities for British business, and the Secretary of State is absolutely determined that our Department will lead the way in greening Britain's industry to rise to the environmental challenge and the immense commercial opportunity.

Mr. Nigel Evans (Ribble Valley) (Con): The Minister will know that, irrespective of how one accesses the energy, investment in conservation is far more economically effective. Will he therefore give an assurance that for all public buildings—particularly those being refurbished—the Government will look again at how to ensure that conservation is built in at the very heart of the design of new construction and refurbishment?

Malcolm Wicks: Yes, that is vital. I assure the hon. Gentleman that in central Government, every Department has targets to reduce its own emissions and to become more sustainable. There are major challenges in relation to new building. However, on housing construction, I am impressed that the Minister for Housing now has a taskforce, of which I am a part, working with the construction industry on these issues. I understand, however, that we are talking about not just house building, but buildings in general.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I welcome the Minister's comments about the economic potential of new industries in this area. May I bring to his attention the vast potential of geothermal energy, which is often overlooked? Not only does it involve the lowest carbon consumption, but it offers enormous potential to companies, such as Forkers in my constituency, that are pioneering developments in it. Will he undertake to look at building regulations on public buildings to see how geothermal energy can be promoted?

Malcolm Wicks: Yes, and work is under way on that. Geothermal energy is an important technology. It is one of an array of renewable technologies that we need to consider. We need to find ways of incentivising some of the newer technologies more than, say, onshore wind farms, and we are looking closely at how that can be done. It is important that those involved with zero-carbon housing and other buildings come together with the energy world, which is concerned with microgeneration and local energy systems, so that we join those two important pieces of the puzzle. I assure my hon. Friend that we are doing just that, together with the Department for Communities and Local Government.

Nuclear Decommissioning Authority

7. **Annette Brooke** (Mid-Dorset and North Poole) (LD): What the effects of the comprehensive spending review are for funding of the Nuclear Decommissioning Authority. [166788]

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): The comprehensive spending review provided the Nuclear Decommissioning Authority with funding to deliver a full programme of nuclear decommissioning and clean-up, in line with the NDA's strategy and business plans.

Annette Brooke: Does the Secretary of State share my concern about the loss of skilled jobs at Winfrith and other sites commencing in January, and about the deferment of decommissioning, which I believe is at variance with previous plans? At the end of the day, who is accountable and responsible for those actions, particularly if safety were to be compromised?

Mr. Hutton: Ultimately, I am responsible to the House for those matters, and that is how it should be. I am aware of the Winfrith issue. I recently met the chairman of the United Kingdom Atomic Energy Authority, and she raised those concerns with me. I am looking into the issues that she and the hon. Lady have raised.

Miss Julie Kirkbride (Bromsgrove) (Con): I warmly welcome the Secretary of State's enthusiasm, if I might call it that, for the new nuclear build programme, but he will perhaps be aware that from the public's perspective, issues surrounding nuclear decommissioning and nuclear waste remain the principal cause for concern about that future new build. Can he offer the House and the public any enlightenment or encouragement that a solution will be found for that difficult issue?

Mr. Hutton: I think that the NDA has made its position clear, and I agree with it that it must prioritise the high safety risks that are part of the legacy of nuclear power in the UK, particularly at Sellafield and Dounreay; that is the right thing to do. I am sure that everyone in the industry, from the head of the NDA right the way through the employment base of nuclear in this country, wants to make sure that we never compromise on safety; so, too, do I.

Regional Economies

8. **Gordon Banks** (Ochil and South Perthshire) (Lab): What steps he is taking to strengthen regional economies. [166789]

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): My Department is investing £2.3 billion this year to strengthen regional economies through the regional development agencies. Since 2002 the less prosperous regions' growth rates have caught up with those of London and the south-east. We are currently consulting business on the details of a new enterprise strategy, which will further address the issue of regional disparities in economic performance.

Gordon Banks: Does my right hon. Friend agree that regional economies can be international drivers? I draw his attention to the Scotch whisky industry. In my constituency, I am lucky to have a cooperage, distilleries, coppersmiths and a blending plant. Does my right hon. Friend agree that the industry provides a real opportunity to blend traditional skills with a modern economic industry, and that those traditional skills are vital to the preservation of a modern economic base?

Mr. Nigel Evans (Ribble Valley) (Con): Did you write that question for him, Mr. Speaker?

Mr. Hutton: Given your interest, Mr. Speaker, I obviously need to answer the question in the right way. I am a great fan of blends, so I agree with my hon. Friend the Member for Ochil and South Perthshire (Gordon Banks) about the importance of the Scotch whisky industry. It is a significant employer, and there is much technology and innovation in the industry. I can assure him, and the House, that the UK Government are doing all they can on issues such as ensuring that Scotch whisky can be sold freely and fairly around the world, without unnecessary high tariffs. I have just come back from Korea, and I can assure my hon. Friend that I raised that point directly with that country's Trade Minister.

Mr. Mark Prisk (Hertford and Stortford) (Con): Over the last 10 years the Government have talked a great deal about the north-south regional divide, and indeed they have spent some £13 billion through the RDAs, yet the prosperity gap between the regions has widened since 1997, with the north and the midlands falling further behind the national average. Having spent £13 billion in that period, will the Secretary of State explain why the north-south gap in prosperity has actually grown? Is it a deliberate Government policy, or just ministerial incompetence?

Mr. Hutton: The tone of these exchanges has suddenly lowered dramatically. I pointed out—*[Interruption.]* The hon. Gentleman wants an answer and I am trying to give it to him. I pointed out to him in my answer the progress that is being made. It is important to remember that the problems that we are discussing did not arise in 1997, and it is worth reminding ourselves—*[Interruption.]* No, these problems go back 80, 90 or 100 years. If we are to succeed in sustaining the progress that we are making, that will call for investment and support for the work of the regional development agencies, which I have never heard a Conservative Member signal since we established the RDAs. One thing that always emerges from our exchanges is the sniff of hypocrisy and humbug. The hon. Gentleman never showed any interest at all—

Mr. Speaker: As long as the right hon. Gentleman is describing a party and not an individual Member, I am quite happy with that remark.

Mr. Hutton: Of course I am talking about the Conservative party, Mr. Speaker. Thank you for that helpful clarification. If the hon. Member for Hertford and Stortford (Mr. Prisk) had any record to campaign on that would allow us to believe that he was serious in the concerns that he expressed today, we would take him more seriously. Sadly, there is no evidence to support his view.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): Is my right hon. Friend aware that our right hon. Friend the Secretary of State for Communities and Local Government recently announced that she wishes to set up a cross-departmental group to look at the special needs of some of our coastal towns? Will he actively engage in that group so that the economy of a town like Blackpool can be regenerated and help to strengthen the whole of the regional economy?

Mr. Hutton: Yes. I want to praise the work that my hon. Friend does in representing her constituents in the matter. My Department will do all we can to support my right hon. Friend the Secretary of State for Communities and Local Government in the work that she is doing to rejuvenate our coastal towns.

Postal Services

9. **Mr. John Baron** (Billericay) (Con): If he will make a statement on Government policy on the future of postal services in the UK. [166790]

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): Post Office Ltd has put out to local public consultation its proposals for post office closures and new outreach locations in 10 area plans, including the plan for east Essex and Suffolk, which covers the hon. Gentleman's constituency. The process will continue over the next year or so. It has ended in four areas, including east Essex and Suffolk, and final decisions on the area covering his constituency are planned to be announced next month.

Mr. Baron: The Minister will be aware that profitable post offices in Billericay and Wickford in my constituency are set for closure under the Government's closure programme. Given that the population in that part of the world is expanding, not shrinking, as evidenced by the Boundary Commission creating an extra constituency, and given that the closures will hurt many people, particularly the elderly and the disabled, can the Minister honestly explain to the House why those closures are taking place, in view of the profitability of those post offices and the level of population growth? Will he meet me and other Essex MPs to discuss the matter?

Mr. McFadden: I will happily meet the hon. Gentleman and colleagues, if he wishes. As I explained earlier, the closures are happening because the Post Office is losing several million pounds a week and because several million fewer people are going through the doors of our post offices than was the case a couple of years ago. He mentioned profitable post offices, and there are two factors to remember in that regard. First, there is the amount that will be raised and spent within the post office branch. Secondly, the central support cost from the post office network to post office branches must be taken into account. Calculated in that way, some three out of four sub-post offices around the country are unprofitable to Post Office Ltd. That is why the Government have put forward a subsidy of £150 million a year for the post office network. That is a subsidy that did not exist when the Conservatives were in power.

Ms Celia Barlow (Hove) (Lab): My hon. Friend mentioned the macro-economic factors behind the closure of post offices. However, will he pressurise Post Office managers over the fact that the two post offices in my constituency—Trafalgar Road in Portslade and Richardson Road in Hove—are the centre of tight-knit, old and established shopping areas? Will he meet the local traders, who are filled with alarm at the closures and are worried that they will have an extremely negative effect on their businesses?

Mr. McFadden: I will happily meet my hon. Friend about those issues. However, as I said to the hon. Member for Billericay (Mr. Baron), the closures are happening because of the declining use of post offices and the losses that post offices are sustaining. The decision was announced some months ago. I understand that it is difficult and unpopular in local communities; it is the kind of difficult decision that parties in government have to take.

Sir Nicholas Winterton (Macclesfield) (Con): Does the Minister not accept that given that sub-post offices are closing, fewer collections are taking place and morale in the postal services is at an all-time low, the only things that are increasing are the salary and bonus of the chief executive? Bearing in mind that the Government are providing a subsidy to the Post Office, does the Minister not think that we should get rid of Mr. Crozier, who is doing such a bloody awful job?

Mr. Speaker: Order. Remember that some weeks ago I said that we should have temperate language.

Sir Nicholas Winterton: I got a little carried away, Mr. Speaker. I do believe that Mr. Crozier should go, but I withdraw the word "bloody".

Mr. McFadden: Right hon. and hon. Members can speak freely, as we have just seen. I do not share the opinion expressed by the hon. Gentleman. The Post Office is a service and business facing a significant challenge and it is having to go through difficult change. That process is difficult to manage and requires the commitment of both the senior management and the excellent people who work in our post offices and for Royal Mail.

Mr. Dennis Skinner (Bolsover) (Lab): Bolsover is in the bottom 50 in terms of deprivation, mainly because of all the pits that were closed under the Tories. But does the Minister accept that when we heard the news that 10 post offices—10—were going to be closed in Bolsover, that was a real body blow to all the affected communities? Will he therefore speak to people at Bolsover district council, which has launched a campaign against those 10 closures?

Whatever the Minister does about this Crozier fellow, who I think is a waste of space, he should not send him back to the Football Association.

Mr. McFadden: I have said to other hon. Members that I will meet them, and I am happy to meet my hon. Friend about those issues. I understand that the situation is difficult and that a large number of closures are proposed in his constituency. The issue is difficult for local communities; the closures are happening because of the losses being made across the Post Office network. That is why we have committed to providing a subsidy—one that did not exist under the Conservative party—of £150 million a year. In fact, that subsidy is part of a total package of support for the Post Office of £1.7 billion until 2011.

Charles Hendry (Wealden) (Con): Does the Minister understand why communities feel so betrayed at the consultation exercise, which will make no difference whatever to the number of post offices that will be closed? Why has he ordered the Post Office to stop all closure announcements in the run-up to the local elections in May? Is not the decision to change the date for announcing the closure of one in six of the capital's post offices from just three weeks before the mayoral election more connected with saving Ken Livingstone than with genuine consultation? Will Londoners not see the elections as their final chance to have their say on the future of the post offices? What is bad news for the postbox will be bad news for Labour at the ballot box.

Mr. McFadden: The suspension of announcements during local elections is part of the normal purdah procedures that have existed for years in this House and have been observed by Governments of both parties. If it is the opinion of the Conservatives that purdah should be suspended, that would be an interesting constitutional innovation. If that is not their opinion, I suggest that they stop criticising us for applying the normal rules that have applied to Governments of both parties for many years.

Royal Mail (Isle of Mull)

10. **Mr. Alan Reid** (Argyll and Bute) (LD): What assessment he has made of the performance of Royal Mail against national standards for mail delivery, with particular reference to the service on the Isle of Mull; and if he will make a statement. [166791]

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): The responsibility for ensuring that Royal Mail meets its quality of service standards rests with Postcomm, the postal services regulator. I understand from Postcomm that on the Isle of Mull, which is part of the PA postcode district, Royal Mail is required to meet the standard of 91.5 per cent. of first class mail delivered the next day, and that that standard is being met across that postcode district.

Mr. Reid: But just last month, Royal Mail stopped sending the mail to Mull on the first ferry of the day. That means that it is being delivered to customers throughout the island two hours later than it has been for many years. The daily newspapers are also affected, meaning that they do not arrive in the shops until about midday. Will the Government, as the owners of Royal Mail, investigate this and demand that Royal Mail give to people on Mull the same service that until last month they had enjoyed for many years?

Mr. McFadden: I am afraid that the issue to which the hon. Gentleman refers is not so much to do with postal services as with European legislation on transport. The reason why this is happening is that new legislation requires that all vehicles weighing more than 7.5 tonnes, including those operated by Royal Mail, must travel at no more than 56 mph. That is the cause. It is not so much to do with Royal Mail as with the speed limits on the trucks that carry the mail.

Topical Questions

T1. [167704] **Mr. Graham Allen** (Nottingham, North) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): The central purpose of the Department for Business, Enterprise and Regulatory Reform is to help to ensure business success in an increasingly competitive world. We promote the creation and growth of business and a strong enterprise economy, lead the better regulation agenda, and champion free and fair markets. We are the shareholder in a number of Government-owned assets, such as Royal Mail, and we work for secure, clean and competitively priced energy supplies.

Mr. Allen: I welcome the Secretary of State's written statement this morning on manufacturing. He will know that in Nottingham we have suffered through the closure of the mines and textile industries and the run-down in people's employment at Boots, Players and Raleigh. Will he ensure that manufacturing still stays at the heart of the Government's economic policies? Will he also, linking back to his previous job, ensure that it ties into the welfare-to-work strategies that are now being deployed around the country?

Mr. Hutton: Yes, I will certainly look to do that. It is sometimes worth reminding ourselves about the UK's record in manufacturing. We are the sixth biggest manufacturer in the world and we have the same proportion of gross domestic product in manufacturing as the United States. We should be looking to develop our manufacturing sectors as aggressively and positively as we can. I do not believe the myth that Britain is now living in a post-industrial world; that is completely wrong. We should be supporting our manufacturers in the most effective and intelligent way that we can. I agree too about the importance of manufacturing as regards employment. It is worth reminding ourselves that hundreds of thousands of people work in industrial sectors that did not exist 20 years ago. We have a responsibility, we intend to discharge it, and I look forward to support from my hon. Friend.

Mr. Edward Davey (Kingston and Surbiton) (LD): Do the Minister's responsibilities include ensuring that international trade by British companies meets the highest standards? Is he concerned that yesterday Britain was singled out at the international conference on anti-corruption as the one major country that has been backsliding on its international treaty commitments?

Mr. Hutton: I do not know what that conference was, and I reject absolutely any suggestion that the United Kingdom does not take seriously its obligations to tackle corruption. We have an excellent record and I hope that the hon. Gentleman is not going to start undermining it.

T2. [167705] **Chris McCafferty** (Calder Valley) (Lab): What discussions has my right hon. Friend had with Ofcom about the growing, very unethical practice of "slamming"—changing a subscriber's account from one service provider to another?

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): I agree with my hon. Friend that that is a serious problem. I understand that Ofcom has taken action against that practice in the fixed telephony market and complaints have started to come down as a result, which is welcome. I will be meeting the head of Ofcom next week and I will relay to him my hon. Friend's concerns, and mine, about that practice.

Alan Duncan (Rutland and Melton) (Con): There is growing concern that this rather, I have to say, embarrassingly named Department is beginning to lose its grip. It was we who had to tell people that the Secretary of State's Department had published its mission statement when its own press office did not know anything about it.

As part of that mission, the Secretary of State is responsible for enterprise. Will he confirm to the House that he was consulted in advance on the Chancellor's new tax on enterprise, and explain what subsequent changes he would now like to make to those proposals?

Mr. Hutton: It is very nice to have the hon. Gentleman's support for what we are trying to do on enterprise, and I welcome that. I hope that he will support the measures we set out in the new year to ensure that we sustain the progress we are making on that. We are closing the gap between ourselves and the United States, and doing better than any other country in the European Union on enterprise, which I know is his particular concern.

Yes, I was consulted by the Chancellor in advance, and the hon. Gentleman would not expect me to go into the detail of the correspondence and exchange of views that I had with the Chancellor. I support absolutely what he is doing in relation to the simplification of our tax regime and in making sure that Britain's international competitiveness in relation to capital gains tax remains obvious.

Alan Duncan: The right hon. Gentleman should talk to some of his ministerial colleagues, who clearly do not agree with him, including the one who resigned—perhaps the only time he said anything constructive about enterprise was when he joined the Conservatives at Oxford. Business start-ups are falling and business support schemes are in disarray. There are continued complaints about UK Trade and Investment, a rising regulatory burden and, I would argue, a sidelined Secretary of State. To which Department should business now turn if it wants to have its interests effectively represented in Whitehall?

Mr. Hutton: The business community welcomed the creation of the Department, and continues to give it strong support. I am grateful to the business community for that. If that really is the best the hon. Gentleman can do after having a whole hour to prepare for his question, he needs to go back and do his homework again.

T3. [167706] **Sarah McCarthy-Fry** (Portsmouth, North) (Lab/Co-op): The future of manufacturing industry in my constituency is in the high-tech, high-skilled industries. Would my right hon. Friend assure me that he will continue to work with the Department for Innovation, Universities and Skills to do all we can to support such industries? Does he agree that any proposals to cut the research and development tax credit, as proposed by the Conservatives, would only damage those industries?

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): We will certainly be doing that, and we have a programme of support for innovation and high technology that is among the best in the world. We certainly will not be taking any advice on tax from the Conservatives.

T4. [167707] **John Mann** (Bassetlaw) (Lab): Having paid my car tax from the luxury of my own home on the internet, should I be pleased that I am embracing the new digital era, or worried that I am undermining local post offices?

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): I think that my hon. Friend is making his own choice, which is an increasingly popular one. Since the service was established, the capacity for people to renew car tax online has become very popular. Last year, it was used by about half a million people every month. The figures for the first half of this year show that that use has increased to about 1 million people per month. Interestingly, almost half of those who use the service do so outside the normal office hours of 9 to 5, which shows the demand for public services outside traditional office hours, and it lays down a challenge for the Government as to how we respond. It is right that the Government offer people the chance to carry out such transactions at a time of their own choosing, and this—

Mr. Speaker: Order. Can I stop the Minister now?

T5. [167708] **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): Does the Minister agree that as the UK becomes steadily more reliant on imported natural gas, we will need substantially more gas storage facilities to provide a buffer against the risk of supply interruption? If he agrees, how does he think that that strategic storage will be provided? Will it be through the marketplace, through price signals, or will the UK have a stocking obligation imposed on it by the EU?

Hon. Members: What a good question.

The Minister for Energy (Malcolm Wicks): It was a good question. As we move at a relatively rapid rate from being a net exporter of gas to being a major importer—by 2020, we could be importing 80 per cent. of our gas—we will need more storage capacity. We recognised that in our White Paper. The new planning Bill will help us realise that aim before too many years have passed. That kind of infrastructure needs speedy implementation. That was an important question, and I believe that we have the answer to it.

T6. [167709] **Mr. Henry Bellingham** (North-West Norfolk) (Con): The Secretary of State claims to be the champion of wealth creation and initiative, but does he agree that any reward must reflect the risk? Does he feel that it is right that the QinetiQ chairman, the former civil servant Sir John Chisholm, should have netted £22 million from an investment of £129,000? Surely it is less to do with the ratio between risk and reward and more to do with incompetence and sleaze.

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): If the hon. Gentleman has allegations of sleaze or criminality, he needs to bring them to the appropriate authorities and action will be taken.

Colin Burgon (Elmet) (Lab): Although the recent rise in the minimum wage is welcome, is the Minister aware that 24,000 workers in the Yorkshire and Humber region are not paid the minimum wage? Does he agree that we should have an active policy of finding and fining employers who break the law? Can he tell me how many enforcement officers are allocated to the Yorkshire and Humberside region to do that work?

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): Earlier this year, the Budget announcements contained an increase in the funds available for enforcement of the minimum wage. That will enable HMRC to hire some 20 extra enforcement officers. Over the past year, some £3 million has been recovered for people who should have been paid the minimum wage but were not. That has helped some 14,000 workers. My hon. Friend is right to raise the issue. The minimum wage was legislated for by Parliament for a reason and we want to see it properly enforced.

T7. [167710] **Miss Anne McIntosh** (Vale of York) (Con): Given that small sub-post offices in rural areas operate effectively as small businesses and were operating at a profit until the Government removed many services from them, such as the ability to renew TV licences, what reassurance can the Secretary of State give that there will be a profitable, effective rural post office network that does not require people to travel more than three miles from any village?

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): The hon. Lady referred to the TV licence. That was not the Government's decision, and reflects the competitive environment in which the Post Office now operates. Does she believe that the Government should—

Miss McIntosh: I am asking you—*[Interruption.]*

Mr. Speaker: Order. Let the Minister answer in his own way.

Mr. McFadden: If the hon. Lady believes that the Government should withdraw the means to deal with car tax online, I would have to disagree. We are working closely with Post Office management to develop new services, such as those that they offer on car insurance, foreign currency and broadband. That will ensure that, in future, post offices remain an attractive place where people will go to access services.

T8. [167711] **Mr. Desmond Swayne** (New Forest, West) (Con): Is the Minister aware of the extraordinary situation whereby workers who are here perfectly legally are seeking to persuade employers that they are here illegally so that they can compete on what they regard as the relatively advantageous terms of being able to offer their services at less than the minimum wage?

Mr. McFadden: All workers who are here legally are entitled to the minimum wage. That should be properly enforced, whether the workers come from the UK or not. If people are working here illegally, the hon. Gentleman should report that to the proper authorities.

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): Does the Secretary of State accept that there is a growing consensus, especially judging by the recent successful north-east economic forum, that, to encourage further enterprise in the north-east, we must ensure that the region is not isolated from the major north-south and east-west road links, as I am afraid that it currently is?

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): Obviously, we will work closely with my right hon. Friend the Secretary of State for Transport to ensure that the right economic infrastructure is in place in the north-east to support enterprise and a growing wealth creation economy in the region.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Earlier, the Minister for Energy talked about the problems of fuel poverty. He mentioned social tariffs, which obviously apply to people on the gas and electricity networks. What assessment has he made of the impact of the dramatic increase in oil prices on those in rural areas who cannot get on to the gas network? What is his strategy for tackling fuel poverty in rural areas that are off the gas main?

The Minister for Energy (Malcolm Wicks): Our strategy, wherever possible—it is not always possible economically—is to try to connect more people to the gas grid system. I acknowledge the problem; I think we need renewable technologies in particular to aid some of those often quite poor people. We are keeping the matter under review and I would welcome an opportunity of drawing on the hon. Gentleman's experience.

Ms Katy Clark (North Ayrshire and Arran) (Lab): The Minister knows that millions have benefited through the national minimum wage regulations. However, many who work on Britain's ferries are currently exempt. Is my hon. Friend willing to meet me and other interested Members of Parliament to discuss that anomaly and whether it is possible to give that sector, too, the benefit of the regulations?

Mr. McFadden: I would be happy to meet my hon. Friend.

Business of the House

11.31 am

Mrs. Theresa May (Maidenhead) (Con): May I ask the Leader of the House to give us the forthcoming business?

The Leader of the House of Commons (Ms Harriet Harman): The business for the week commencing 26 November will be—

MONDAY 26 NOVEMBER—Second Reading of the Health and Social Care Bill.

TUESDAY 27 NOVEMBER—Second Reading of the Housing and Regeneration Bill.

WEDNESDAY 28 NOVEMBER—Opposition Day [2nd Allotted Day]. There will be a debate entitled "Prisons Crisis", followed by a debate on the performance of the Department for Environment, Food and Rural Affairs.

THURSDAY 29 NOVEMBER—Topical debate—subject to be announced, followed by motion to approve a European document relating to asylum, followed by a general debate on the Government consultation on convicting rapists and protecting victims.

FRIDAY 30 NOVEMBER—The House will not be sitting.

The provisional business for the week commencing 3 December will include—

MONDAY 3 DECEMBER—Remaining stages of the Child Maintenance and Other Payments Bill.

I should also like to inform the House that the business in Westminster Hall in December will be—

THURSDAY 6 DECEMBER—A debate on the report from the International Development Committee on Department for International Development assistance to Burmese internally displaced people and refugees on the Thai-Burma border.

THURSDAY 13 DECEMBER—A debate on the report from the Joint Committee on Human Rights on the treatment on asylum seekers.

Mrs. May: I thank the right hon. and learned Lady for giving us the future business.

This morning, the Secretary of State for Transport made a written statement about the expansion of Heathrow. She was happy to make a statement to business leaders yesterday and to spin it to the "Today" programme this morning, so why has she not been to the House to make an oral statement? That would enable hon. Members who, like me, have constituency interests, to question her. Every week, the Leader of the House tells us that she puts Parliament first; every week, her colleagues treat Parliament with disdain.

On Monday, we discovered that the Government have no idea how much taxpayers' money might be paid out after the £24 billion bail-out of Northern Rock. The Chancellor told the Treasury Committee:

"we fully expect to be able to get that money back."

Now he refuses to say for certain that the money will ever be paid back. There are many questions still to be answered. What is the total Government liability? What arrangements are in place if the Government need a supplementary estimate to cover their liabilities? How are they accounting for the liabilities, and are those liabilities on or off balance sheet? What estimate has been made of the effect on the public sector borrowing requirement? Will the Chancellor make another Northern Rock statement, so that he can answer those questions?

On Tuesday we discovered that the Government had lost the personal details of 25 million men, women and children. The Prime Minister says that he "profoundly" regrets what has happened, but that is not much consolation to the millions of families who have been left to follow the Chancellor's advice to check their bank statements. According to a written answer given just three weeks ago, there were 2,111 security breaches by Her Majesty's Revenue and Customs last year alone. Reports today suggest that at least two further CDs are missing. How can the Prime Minister deny that the fiasco is anything but the result of systemic failure? Can we therefore have a debate in Government time on the systemic failure in HMRC—a department set up by the Prime Minister?

In his statement on Tuesday, the Chancellor said that the reason why he had not told the House immediately was that he needed to put appropriate safeguards in place. He said that

"the banks were adamant that they wanted as much time as possible to prepare for this announcement."—[*Official Report*, 20 November 2007; Vol. 467, c. 1102.]

However, the British Bankers Association has said:

"The BBA did not ask for any more time...None of our members asked for any extra time."

That directly contradicts what the Chancellor told hon. Members. He must come to the House and set the record straight. The Chancellor also said repeatedly that the decisions were taken by junior officials. However, we know that it was a senior business manager who took the decision to put the information on to the discs and that that was done with the knowledge of the director of HMRC, process owner for tax credits and child benefits. Yet another thing that the Chancellor told the House has been contradicted, so will he come to the House to make an urgent statement and tell us the true version of events?

The Northern Rock fiasco and the HMRC scandal tell us everything that we need to know about the Government: they are incompetent, insincere and in deep trouble. Is it not time that somebody just got a grip?

Ms Harman: The right hon. Lady raised the matter of Heathrow. The point is that there is a process of consultation. If she wants to put her views into the consultation on behalf of her constituents, I suggest that she do so. A written ministerial statement has been made to the House on the subject of the consultation. When conclusions are reached as a result of hearing from all those who put in their views to the consultation, including hon. Members, and when there are firm proposals for action, no doubt the Secretary of State for Transport will bring those matters to the House. Hon. Members will know the difference between launching a consultation and having firm proposals. When there are firm proposals, they must be brought to the House for announcement.

The right hon. Lady made a number of points about Northern Rock and about Revenue and Customs. Of course, when sudden problems arise the duty of the Government is clear. First, it is to ensure that individuals

[Ms Harman]

are protected from any personal damage or any potential problems. Secondly, our duty is to ensure that there is an investigation to discover what actually happened and why. I do not intend to pre-empt any of those investigations by answering the questions that are subject to them. Thirdly, it is our duty to take steps to ensure that those problems do not happen again. That is the duty of the Government, and my right hon. Friend the Chancellor is doing exactly that.

John Battle (Leeds, West) (Lab): I am sure that my right hon. and learned Friend and other Members will agree that, since last week's business questions, we have had a hectic week. As far as I am aware, however, in the space of that week, no one has lost their home or their savings from Northern Rock, and the banks have guaranteed that anyone who has a bank account will be protected against computer fraud. In the meantime, more than 3 million people have lost their homes—*[Interruption.]*

Mr. Speaker: Order. Mr. Ellwood, you should not be shouting. You are usually a very quiet Member, and I do not expect this from you.

John Battle: Thank you, Mr. Speaker. In the meantime, last week, more than 3,000 people have lost their lives and more than 3 million have lost their homes, livelihoods and families. Can we therefore have a debate on Bangladesh, and give some support to the emergency aid programme in the next week?

Ms Harman: In response to my right hon. Friend's point, I reiterate that the first duty of the Government is to ensure that people are protected from actual or potential damage, and that is what the Chancellor is doing. My right hon. Friend mentioned the cyclone in Bangladesh. My right hon. Friend the Secretary of State for International Development has issued a written ministerial statement on that subject. It is a matter of great concern, and I am sure that he will report back to the House on it. My right hon. Friend the Member for Leeds, West (John Battle) might also wish to propose the matter as the subject for a topical debate.

Simon Hughes (North Southwark and Bermondsey) (LD): Given that the biggest domestic issue has been the failure of the Government to ensure that one of their agencies looked after a huge amount of personal information, will the Leader of the House accept a formal request on behalf of my colleagues and myself for next Thursday's topical debate to be on the subject of the failure of the Government to protect data across the Government and all their agencies? Will she also ensure that Ministers come to the House to explain their accountability for the failures of civil servants in Government Departments and agencies?

When we have had that debate, will the Leader of the House ensure that we have a debate in Government time on the Floor of the House on the implications of this week's serious news for the debate that the Government want us to have on the implementation of identity cards? That proposal must be called into question by the failures of this week, and we need to assess the stupidity of the proposal early, so that we do not waste any more public money by going down that completely unhelpful road.

Yesterday, Ministers joined the Director of Public Prosecutions in saying that they were opposed to an increase in the 28-day limit on detention. May we have an early opportunity to question Ministers on the state of the Government's negotiations on any change in the balance between liberty and security that would put the traditional liberties of the British people at risk?

The Government were represented yesterday by a very junior Minister—I am not being disrespectful—at what was meant to be a high-level conference in Rome to mark the 10th anniversary of the international anti-bribery convention. Will Ministers come to the House to explain what the benefit or disbenefit has been to this country of the decision not to continue the investigation into alleged corruption between BAE Systems and the Saudi Government, while we are trying to persuade other countries around the world to adopt strong anti-corruption regimes?

Mr. Speaker, you were kind enough to allow me to withdraw my debate on Sri Lanka for family reasons last week. However, the Commonwealth conference is taking place this week, and there are clearly important issues to be discussed, including Pakistan and the terrible civil war in Sri Lanka. Can we be assured that the Foreign Secretary or the Prime Minister will make a statement on the Commonwealth conference, to allow us to ask questions about those two very troubled parts of the Commonwealth, which are a matter of great concern to people in this country?

Ms Harman: As the Prime Minister reminded the House yesterday, 22 of the 25 European countries have ID cards. One of the best ways of protecting against identity fraud is secure, checkable identity verification via biometric data, and that is what ID cards would provide. The hon. Gentleman will be able to raise the issue in Home Office questions next Monday.

The hon. Gentleman suggested a subject for a topical debate next week. I shall accept that as a representation. He also raised the question of the 28 days' detention, and the Government's discussion of whether the period should be extended. He will be able to raise that issue during Monday's Home Office questions as well. However, I remind him that if we are advised by the head of the Association of Chief Police Officers, by the Government's independent reviewer Lord Carlile and by the Metropolitan Police Commissioner that there is a case for extension, and if we can be satisfied that there are sufficient safeguards, it will be right for us proceed. I hope that we shall be able to reach all-party agreement. Perhaps the House recalls that although the Conservative party wants to abolish it, we introduced the Human Rights Act 1998 to ensure that whatever proposals the House may come up with, people's human rights and civil liberties are protected.

The hon. Gentleman asked about BAE Systems and the investigation by the Serious Fraud Office. On numerous occasions the House has been given information about the cessation of one particular inquiry in that respect.

No doubt the Foreign Secretary will make a report following the Commonwealth conference.

Finally, may I express my condolences to the hon. Gentleman for the loss of his mother?

Laura Moffatt (Crawley) (Lab): Will my right hon. and learned Friend find time for a wider debate on aviation? At present the focus is on airports that may be expanding. Will she ensure that we can consider airports such as Gatwick, which play an important role in our airport network and supply many good jobs for people, to ensure that they do not shrink in the light of the expansion of other airports?

Ms Harman: I shall take that as a suggestion for a topical debate on an issue that is important in relation to transport issues, jobs and the environment.

Sir Peter Tapsell (Louth and Horncastle) (Con): As the next statement is to be on pandemic influenza, may we be reassured that the Government will not be announcing that they have mislaid their stockpile of Tamiflu?

Ms Harman: If the hon. Gentleman has a question in respect of the next statement, I suggest that he wait until the next statement to ask it.

Mr. Gordon Prentice (Pendle) (Lab): There is a convention that the Government respond to Select Committee reports within two months. The Public Administration Committee recently had to wait 16 months for a Government response, and it is quite common for responses to be received after more than two months. In the circumstances, can it be a matter of policy to timetable debates on Select Committee reports when the Government have not responded?

Ms Harman: Obviously it is important for Departments to respond promptly to departmental Select Committee reports. I shall take my hon. Friend's question as a prompt for me to check the state of play on all the outstanding Select Committee reports that have yet to receive a Government response. The question of which reports are debated is also important, and I shall look into that as well.

Mr. Oliver Letwin (West Dorset) (Con): While the Leader of the House is considering questions of data management, may I request a debate on one aspect of data, namely the Government's awareness of where local elections are taking place? A postmaster in my constituency reports that she has received a letter saying that she cannot be told when her post office will be—or may be—closed because of forthcoming local elections and political sensitivity. However, we shall not be having any local elections in West Dorset in the coming year.

Ms Harman: I do not know whether the right hon. Gentleman was in the Chamber at the time, but this matter was raised earlier today in questions to my ministerial colleagues in the Department for Business, Enterprise and Regulatory Reform, and the House was reminded that the usual rules are being applied. I will look into the particular point that he raises.

Mr. Fraser Kemp (Houghton and Washington, East) (Lab): While the Government were absolutely right to apologise unreservedly for the loss of data records at the child benefit centre, does the Leader of the House agree that this issue should not be used as an opportunity to condemn all staff who work at the centre, and who deliver year in and year out an important and much-needed benefit to millions of families? Will she provide an opportunity for the support of staff to be included in any reviews that are conducted?

Ms Harman: I thank my hon. Friend for making that important point about the work of some of his constituents, and I will draw it to the attention of my right hon. Friend the Chancellor. Obviously, lessons have to be learned, but we also recognise that Revenue and Customs employees are getting on with the important work of paying out child benefits and tax credits, which are vital to millions of families. Under this Government, child benefit has increased by more than 50 per cent.

Mr. Ben Wallace (Lancaster and Wyre) (Con): The ward of Norcross in my constituency hosts the Department for Work and Pensions computer databases and the Ministry of Defence pensions databases. Will the Leader of the House find time next week for the Secretary of State for Work and Pensions to make a statement giving assurances that none of the data from those databases has been leaked? It is important that we know why information has gone astray, and whether the Government have got a grip on the situation across Whitehall.

Ms Harman: Members will know that, together with the Information Commissioner, Mark Walport is looking into the question of data security in both the public and the private sector. No doubt a report will be brought before this House at the appropriate time, when further questions can be asked.

Mrs. Ann Cryer (Keighley) (Lab): Will it be possible to have a debate next week on the non-implementation of low pay legislation provisions in respect of home workers? Yesterday, my hon. Friend the Member for Leeds, North-East (Mr. Hamilton) met a number of home workers—all of them women, and many of them Asian women—who are clearly not being dealt with in a fair manner by their so-called employers. I strongly feel that this matter ought to be looked at. The employers are dodging minimum pay legislation by saying that the women are self-employed; they are not.

Ms Harman: My hon. Friend makes an important point. Despite the extra protection this Government have introduced for people at work—in particular, vulnerable employees—there is still exploitation. A forthcoming Bill will seek to address that, and my hon. Friend can raise such points in discussions on it.

Mark Hunter (Cheadle) (LD): Eighty-five per cent. of dentists surveyed by the British Dental Association say they do not believe that the new dental contract offers sufficient access to care, and 95 per cent. say they have less confidence now than two years ago in the future of NHS dentistry. Will the Leader of the House secure an early debate on the future of NHS dentistry?

Ms Harman: The Government remain very concerned to increase access to, and the quality of, dental services. The hon. Gentleman might consider applying for an Adjournment debate in this Chamber on the matter, or a Westminster Hall debate.

Ms Dari Taylor (Stockton, South) (Lab): Does my right hon. and learned Friend accept that the prime concern of all us in Britain today should be British manufacturing? It is a wealth-creating sector that provides good employment, and its products are value-added. The House should be discussing how we can support the sector in order to minimise risk. The investment required is colossal and the profit from it comes slowly. We need to look into this issue and ensure that Government policies on research and development and product development and innovation do not have a disincentivising effect in the sector, which accounts for 30 per cent. of the north-east's GDP.

Ms Harman: My hon. Friend makes an important point on manufacturing, which some Members also emphatically made in this morning's questions to Ministers in the Department for Business, Enterprise and Regulatory Reform, who expressed their total commitment to British manufacturing and the future of manufacturing in this country. I will draw my hon. Friend's points to the attention of my right hon. Friend the Secretary of State for Children, Schools and Families as he takes forward the diploma programme so that we make sure that the country has the skills to underpin our manufacturing industry, and my right hon. Friend the Secretary of State for Innovation, Universities and Skills, because of the important apprenticeship programme. Not only are the Government well aware of the importance of manufacturing, but we are doing everything we can to underpin its success in the future.

Justine Greening (Putney) (Con): May we have an urgent statement from the Secretary of State for Transport on Heathrow expansion? My constituents have no information in the consultation document launched today that they trust, on which to base their decisions on what to say in response to that consultation. I have been trying for five months to get hold of the detailed environmental analysis that BAA has had and that the Department for Transport has been modelling to. Why are the Government unwilling to be accountable in any way whatsoever to the people whom they exist to serve?

Ms Harman: My hon. Friends are reminding me that there will be a Westminster Hall debate on Heathrow next week, which the hon. Lady could no doubt contribute to. Since she has taken the opportunity of—[HON. MEMBERS: "It is half an hour."] Okay, sorry about that; the hon. Lady might apply for a Westminster Hall debate on Heathrow. Nevertheless, since she has taken the opportunity to ask me a question this week, perhaps I can remind her of a question she asked me last week, on which she challenged me and said that I had given the wrong answer in respect of police numbers in her constituency. I have checked the numbers, and I gave the right answer.

John Smith (Vale of Glamorgan) (Lab): May I draw my right hon. and learned Friend's attention to an all-party thrombosis group report published on Monday that showed that fewer than a third of acute hospitals in England undertake a mandatory risk assessment of patients for venous thromboembolism—VTE? As more than seven months have passed since the chief medical officer recommended universal mandatory assessments, and since as many as 11,000 patients might have died from this hospital-acquired disease, will she find time for a debate on the subject?

Ms Harman: I will draw my hon. Friend's points to the attention of my right hon. Friend the Secretary of State for Health. It is important that we do all we can to prevent thrombosis and to improve the treatment for it, and I congratulate my hon. Friend on the work of his all-party group.

Mr. Richard Benyon (Newbury) (Con): Will the Leader of the House encourage the Secretary of State for Business, Enterprise and Regulatory Reform to come before the House and explain how he is unravelling the Prime Minister's bizarre decision to disband the Defence Export Services Organisation and to put some rump of it in UK Trade and Investment, which is in his Department?

Ms Harman: The hon. Gentleman's colleague, the hon. Member for Louth and Horncastle (Sir Peter Tapsell), was a bit premature in asking me a question about the statement that is about to be made, but the hon. Gentleman's question is a bit late, as the Secretary of State for Business, Enterprise and Regulatory Reform was in the House standing at the Dispatch Box a few minutes ago to answer topical questions. Let me make a suggestion: I do not know whether the hon. Gentleman has sought to catch your eye, Mr. Speaker, but I would say that this is an important issue for topical questions.

Ms Dawn Butler (Brent, South) (Lab): My right hon. and learned Friend will be aware that we are approaching the end of the bicentenary of the legislation on the abolition of the slave trade, and there has been plenty of talk in the House about having an annual remembrance day for slavery, in line with the holocaust memorial day. Will she inform the House whether there is need for further debate, or are we in agreement that that should take place?

Ms Harman: I thank my hon. Friend for raising that important point. Obviously, I am pleased that the slavery question and understanding its history is now part of the national curriculum. Whether to have a memorial day is under consideration, and rightly so.

Mr. Edward Leigh (Gainsborough) (Con): It is perfectly proper to have an inquiry into the breach of security at Her Majesty's Revenue and Customs, but surely that should not be an excuse to avoid parliamentary accountability. I hope that the Leader of the House will agree to hold a topical debate next week, not least because the Public Accounts Committee has been informed that rather than this just being about a junior clerk putting the wrong disc in the wrong envelope, it went up, or was copied through, to assistant secretary level—we have been given the name of the official. Parliament should know about this. What is more topical than 25 million people's personal bank details going out into the ether?

Ms Harman: It is important that this House has the correct and full information, and the Chancellor will, at all stages, be concerned to provide that. Sometimes there will be conflicting information about what happened. I am sure that the hon. Gentleman, as Chair of the Public Accounts Committee, will agree that we want full, reliable information, and not speculation.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): May we have a debate on the ever-increasing problem of human trafficking into this country? Young women in particular are encouraged to come to this country under the pretence of legitimate employment, only to find themselves locked into prostitution, drugs and crime. Perhaps we can follow the Swedish Government's example of focusing on reducing demand for prostitution rather than on criminalising vulnerable young women.

Ms Harman: My hon. Friend raises an important point about the demand side of human trafficking. I met the Newspaper Society recently to discuss the problem of local newspapers advertising foreign women in their classified ads and the concern that such newspapers might unwittingly be advertising women who have been abducted and trafficked for sexual purposes. It will report back to me on the action that will be taken. My hon. Friend will also know that we need to work with our counterparts in the European Union on this, and that Ministers are doing so.

Mr. Edward Davey (Kingston and Surbiton) (LD): Will the Leader of the House find time for a debate on how we can support primary care trusts such as Kingston PCT that are struggling with large historical debts when, as we have heard today, the national health service as a whole is recording a large surplus? How can it make sense for the health service in some parts of the country to experience painful cuts when relatively small one-off debt write-offs, or even a minor rescheduling of debt repayments, can be easily afforded?

Ms Harman: I will bring the hon. Gentleman's points to the attention of my right hon. Friend the Secretary of State for Health, who will doubtless take the opportunity to remind him that the financial resources available in both primary and hospital care in Kingston have hugely increased since 1997 to ensure that his constituents, like all others, receive constantly improving health services. He will be able to table a written question on this, should he choose to do so.

Nia Griffith (Llanelli) (Lab): What progress is being made on the review of European scrutiny?

Ms Harman: The Deputy Leader of the House is consulting the Chair of the European Scrutiny Committee about how we can improve this House's scrutiny of European matters. As my hon. Friend the Member for Llanelli (Nia Griffith) will know, we agreed to bring new proposals on how to scrutinise European legislation more effectively to the House before 24 January. Any hon. Member who wants to contribute to those proposals should take the opportunity to raise this with the Deputy Leader of the House.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): At 10 am, I attended a conference at the Queen Elizabeth II conference centre across the road, at which the Minister with responsibility for road safety, the Under-Secretary of State for Transport, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick), gave an excellent speech on road safety. At the end of it, he apologised for his having to leave because of the important announcement on Heathrow. Why is it an important announcement on Radio 4 and on the other side of the road, yet does not even warrant a junior Minister giving a statement to this House?

Ms Harman: Perhaps I should remind the hon. Gentleman and the House that the announcement is of a consultation. Ministers are concerned to ensure that everybody knows that a consultation to which they can contribute is taking place. That is doubtless what the Under-Secretary of State for Transport was talking about. The hon. Gentleman, like other hon. Members, will be able to contribute to the consultation. If firm proposals arise from it, they will be brought to this House and not trailed on the "Today" programme.

Mrs. Betty Williams (Conwy) (Lab): In view of the serious implications and damage to every Member of this House, may we have an early opportunity to debate the report of the House of Commons Committee on Standards and Privileges, HC94, which upheld the complaints against the hon. Members for Meirionnydd Nant Conwy (Mr. Llwyd), for Carmarthen, East and Dinefwr (Adam Price) and for Caernarfon (Hywel Williams)? I informed them last night by letter that I was going to raise this matter today.

Ms Harman: I thank my hon. Friend for raising this issue. It is important that Members of this House keep in touch with constituents not only at election time, but all the time. The communication allowance is provided for that purpose. The Committee on Standards and Privileges rightly takes abuse of the allowance seriously, because it brings our honest use of it, and the reputation of the House, into disrepute.

Sir George Young (North-West Hampshire) (Con): Further to the question put by my hon. Friend the Member for Scarborough and Whitby (Mr. Goodwill), surely the consultation exercise on the expansion of this country's largest airport should begin with a statement in the House of Commons, as has happened with other Government consultation exercises. Is there any reason why the Secretary of State for Transport should not come to the House on Monday to make an oral statement?

Ms Harman: I shall draw that point to the attention of my right hon. Friend the Secretary of State for Transport.

David Taylor (North-West Leicestershire) (Lab/Co-op): Early-day motions 241 to 244 inclusive and 247 to 255 inclusive salute the bravery of Britain's military forces in Afghanistan and Iraq, and record with sadness those who have been killed in those conflicts.

[That this House salutes the bravery of the armed forces serving in Afghanistan and records with sorrow the deaths of Lance Corporal Jake Alderton of 36 Engineer Regiment, Major Alexis Roberts, 1st Battalion The Royal Gurkha Rifles, aged 32 from Kent, Colour Sergeant Phillip Newman, 4th Battalion The Mercian Regiment, aged 36, Private Brian Tunnicliffe, 2nd Battalion The Mercian Regiment (Worcesters and Foresters), aged 33 from Ilkeston, Corporal Ivano Violino from 36 Engineer Regiment, aged 29 from Salford, Sergeant Craig Brelsford, 2nd Battalion The Mercian Regiment, aged 25 from Nottingham, Private Johan Botha, 2nd Battalion The

[David Taylor]

Mercian Regiment from South Africa, Private Damian Wright, 2nd Battalion The Mercian Regiment, aged 23 from Mansfield, Private Ben Ford, 2nd Battalion The Mercian Regiment, aged 18 from Chesterfield, Senior Aircraftman Christopher Bridge from C flight, 51 Squadron Royal Air Force Regiment, aged 20, from Sheffield, Private Aaron James McClure, 1st Battalion The Royal Anglian Regiment, aged 19 from Ipswich, Private Robert Graham Foster, 1st Battalion The Royal Anglian Regiment, aged 19 from Harlow, Private John Thrumble, 1st Battalion The Royal Anglian Regiment, aged 21 from Chelmsford, Captain David Hicks of 1st Battalion The Royal Anglian Regiment, aged 26 from Surrey, Private Tony Rawson of 1st Battalion The Royal Anglian Regiment, aged 27 from Dagenham, Essex, Lance Corporal Michael Jones, Royal Marines aged 26 from Newbald, Yorkshire, Sergeant Barry Keen of 14 Signal Regiment, aged 34 from Gateshead and Guardsman David Atherton from the 1st Battalion Grenadier Guards, aged 25 from Manchester.]

May we have an early debate on the *Daily Mirror* campaign that seeks to provide a medal to all who are killed or seriously injured in military conflict on behalf of this country?

I also raise that issue because I would like the House to pass on our good wishes to the tabler of the early-day motions, my hon. Friend the Member for Newport, West (Paul Flynn). He was taken seriously ill in the Palace of Westminster a night or two ago. May we express to him our wish to see him restored to good health and back here very early so that the House can benefit from his characteristic bravery, persistence and independence, which underpin his tireless campaigning in this place?

Ms Harman: I endorse my hon. Friend's comments. I wish my hon. Friend the Member for Newport, West (Paul Flynn) well and I hope that he makes a speedy return to this House. I join my hon. Friend the Member for North-West Leicestershire (David Taylor) in paying tribute to all our armed services who bravely put their lives on the line in Iraq and Afghanistan. As he will know—the Prime Minister has spoken about this in the House—the question of recognition and the awarding of medals falls to the armed services, and they make proposals to the Ministry of Defence. Any action will then be reported to this House.

Mr. Julian Brazier (Canterbury) (Con): The Leader of the House referred to a question from last week. Will she let us know next week whether she can find a single example of a major consultation on something of the importance of Heathrow airport being announced by any previous Government without an oral statement being made to this House?

Ms Harman: I am keeping a count on this; I do not want to encourage any other hon. Members to raise the same point, but I recognise the strength of feeling in the House this morning and will take the matter up with my right hon. Friend the Secretary of State for Transport. If any other hon. Member is thinking of raising this, they need not do so because I have got the point.

Sir Nicholas Winterton (Macclesfield) (Con): The Archbishop of York, John Sentamu, attended a meeting of the all-party human rights group and the all-party Zimbabwe group earlier this week to discuss the brutality, starvation and total lack of democracy in that country. As the previous Leader of the House, now Secretary of State for Justice, promised a debate in Government time on the Floor of the House on the subject, will the Leader of the House now provide time for that debate, perhaps as a topical debate, in the very near future?

Ms Harman: I pay tribute to the hon. Gentleman and I recognise his tireless raising of the important issue of Zimbabwe. We had a debate in the summer, but matters have not improved since. I will take his suggestion for a topical debate, but he will know that the issue is high on the agenda of Foreign Office Ministers and of the Prime Minister as he attends the Commonwealth summit.

Several hon. Members *rose—*

Mr. Speaker: Order. I will call the hon. Member for Leicester, South (Sir Peter Soulsby) if he can assure me that he was in his place for the business statement.

Sir Peter Soulsby (Leicester, South) (Lab): I was indeed, Mr. Speaker. The Leader of the House will be aware, from Business, Enterprise and Regulatory Reform questions, of the widespread concern about the closure of post offices, not only in rural areas but in urban areas such as my constituency. The post offices in Francis street and Walnut street are a vital part of their communities and provide valuable services. May we have a debate in Government time on the value of post offices to rural and urban communities?

Ms Harman: My hon. Friend will know that the future of post offices was raised this morning in Business, Enterprise and Regulatory Reform questions. I will take his suggestion as a proposal for a topical debate, and I will consider what we can do to ensure that the House has full discussions on the issue of post offices, which are—as he says—important not only to Members who represent rural constituencies but to those who represent urban areas.

Greg Clark (Tunbridge Wells) (Con): Will the Chancellor of the Duchy of Lancaster come to the House to make a statement? One of his responsibilities is the Central Sponsor for Information Assurance, which is a team in the Cabinet Office. When the Cabinet Office commissioned an expert report on information security in July, the conclusion was that

"adequate mechanisms are not yet in place".

Will the Chancellor come to the House to tell us why he failed to act on the recommendations of that report?

Ms Harman: I am sure that on many future occasions, in statements, oral questions and topical debates, consideration will given to the issue of data security. As I have said, in response to the immediate issue of HMRC, the Government's first concern must be to ensure that people are protected from potential damage. We must understand the facts and why the problem arose, and take action to avoid any repetition.

Mr. John Randall (Uxbridge) (Con): I am afraid that the Leader of the House has not convinced me that it is common practice for Ministers to fail to make an oral statement on consultations. Perhaps she can confirm that the Secretary of State for Transport has not come to the House because thousands of homes will be destroyed and villages wiped off the map as a result of the consultation. Can the Leader of the House confirm whether any Minister has failed to come to the House when launching such a consultation in the past few years?

Ms Harman: Perhaps the best approach is not only—*[Interruption.]* I do not seek to make excuses. The best approach is not always to look at how things have been done in the past—although it is important to be aware of that—but to identify the feelings and concerns of Members and whether they want an early opportunity to debate an issue. As I have said, I get the point on this issue.

Mr. John Baron (Billericay) (Con): Will the Leader of the House reconsider her decision not to grant a topical debate on the loss of data by the Government? I suggest that little is more topical than the loss of the personal details of 25 million people, especially given the concern it has caused in our constituencies.

Ms Harman: I have invited all hon. Members to submit their proposals for topical debate subjects. I intend to announce the issue for debate on Monday evening so that hon. Members notice may make plans to attend and participate in the debate. The earlier I make the announcement, the less topical it is likely to be if some intervening issue arises. We will have to keep an eye on the issue and work out whether we should sacrifice giving notice to Members, and Ministers, in order to ensure hot topicality—*[Interruption.]* We will have to decide whether to have override arrangements so that the subject can be changed at the last minute. We want to ensure that the House has an opportunity to discuss topical issues. That is what the topical debate is for, and I intend to make it work as well as possible for the House.

Mr. John Redwood (Wokingham) (Con): When will the House be asked to approve the £25 billion so far spent on Northern Rock and the £25 billion of contingent guarantees? Where did the Treasury and the Bank of England suddenly find £25 billion?

Ms Harman: The right hon. Gentleman will know that he can raise those issues at Treasury questions next Thursday. No doubt the Chancellor and his ministerial colleagues will remind him that we are concerned to ensure that no Northern Rock shareholder, employee or saver loses out. The Chancellor has made statements to the House on the issue and, if there is any further information to give, he will do so again.

Mr. Andrew Mackay (Bracknell) (Con): I return to the debacle at HMRC. The Chancellor of the Exchequer rightly promised that he would return to the House and update us. In the light of the National Audit Office telling us that it was a senior member of staff at director level who allowed the awful problem to arise—rather than a junior member of staff, as suggested by the Chancellor on Tuesday and the Prime Minister yesterday—will the Chancellor come to the House on Monday and give us an update?

Ms Harman: Who told what to whom and when they told them will be the subject of Kieran Poynter's review, which will be carried out expeditiously. The House will want to proceed on the basis of knowing the facts as fully as possible, not by adding speculation to speculation. This is a serious issue and we need to know the full facts. Above all, we want to ensure that nobody loses out as a result.

Philip Davies (Shipley) (Con): In the statement that the Chancellor made about the farce at HMRC, no mention was made of child protection. Millions of families will be worried that the details of their children's names, addresses and dates of birth could have fallen into the wrong hands. Will the Leader of the House ensure that the Home Secretary comes to the House to make a statement on what assessment has been made of the risk to children from the shambles and what measures have been taken to ensure that no children are put at risk?

Ms Harman: As I have said, the Chancellor of the Exchequer came to the House on Tuesday to make a statement. When a sudden problem arises the foremost duty of the Government is to protect any individual from possible harm. That is the foremost priority of the Government and the Chancellor.

Several hon. Members *rose—*

Mr. Speaker: Order. Four Back Benchers are on their feet—I see that Mr. Wiggin has now jumped up—and they may ask one supplementary question each.

Mr. Graham Stuart (Beverley and Holderness) (Con): Since the then Secretary of State for Trade and Industry ordered the closure of at least 2,500 post offices in May, the details of which post offices are targeted have been published. There is cross-party concern, as we have seen today, about the impact of that closure programme introduced by the Government and ordered on the Post Office's much-maligned chief executive. May we have an urgent debate so that we can discuss the impact on areas such as Grovehill road in Beverley, which serves the lowest-income side of Beverley and is a very busy post office?

Ms Harman: I was thinking of suggesting that I could consider that for a topical debate on Thursday, but next Thursday there is a Westminster Hall debate on post offices. One of the criteria for granting a topical debate is that the House does not otherwise have an opportunity to discuss a subject. As the House will have an opportunity to discuss post offices in Westminster Hall, that is the answer to the question. I recognise that hon. Members on both sides of the House are concerned about the future of post offices and I will reflect on whether adequate time across the piece is being given to this important issue.

Mr. Nigel Evans (Ribble Valley) (Con): I am the chairman of the ID fraud group in the House of Commons. The loss of the two discs containing the national insurance

[Mr. Nigel Evans]

numbers and bank details of 25 million people is important. We know that ID fraudsters can sit on information for many months and sometimes a year or so before using it. Will the Leader of the House persuade the Chancellor of the Exchequer to come to the House on Monday so that we can further question him, particularly on the advice being given to the 25 million people about what precautions they should take to protect themselves?

Ms Harman: It was for the reason that the hon. Gentleman mentions that the Chancellor explained to the House that the ongoing search for the two CDs was important. The Prime Minister said that Revenue and Customs is writing to everyone to explain the situation and the precautions that they might take if they are concerned. If there is any further information, no doubt the Chancellor will come to the House with it.

Mr. Peter Bone (Wellingborough) (Con): The Leader of the House will readily acknowledge that this morning millions of people are in despair. Will she arrange a debate on the crisis in English football?

Ms Harman: We are all disappointed that none of the home sides has qualified. Some people are feeling beyond disappointment and are downright angry. Questions about football, and particularly about the football coach, are not for the Government primarily, but for football authorities.

Mr. Philip Hollobone (Kettering) (Con): In November 2005 Jessica Randall was murdered by her father Andrew Randall, who lived in Kettering. She was just seven weeks old and she had been sexually abused and tortured before being killed. Her father has been sentenced to life in prison. A year ago the local safeguarding children board set up an investigation into the death and promised to publish its report. A year on, local people are still waiting for it. May we have a statement from the appropriate Minister next week, announcing new guidelines to local safeguarding children boards that such inquiries should be published with all possible speed and certainly should not take longer than 12 months?

Ms Harman: I will bring that point to the attention of ministerial colleagues and suggest that the relevant Minister—this is a cross-ministerial issue—write to the hon. Gentleman and place a copy in the Library of the House.

Pandemic Influenza

12.25 pm

The Secretary of State for Health (Alan Johnson): With permission, Mr Speaker, I should like to make a statement on the publication of the national framework for responding to an influenza pandemic and to provide the House with an update on the progress we have made to improve the UK's ability to respond to a pandemic. I will cover overall public health strategy and our approach to the use of clinical countermeasures, such as antivirals and antibiotics.

Influenza pandemics occurred every 30 to 40 years in the previous century. The last pandemic, in 1968-69, resulted in 80,000 additional deaths in the UK. The possibility of a new pandemic is one of the most severe risks currently facing the UK. Our planning assumptions are that 25 to 50 per cent. of the population may become ill and that, in accordance with previous analysis, between 0.4 per cent. and 2.5 per cent. of those affected could die.

So that the country will be prepared for the next pandemic, whenever it occurs, I am today publishing a new national framework. It builds upon and supersedes the UK influenza pandemic contingency plan published in October 2005, expanding it to cover a more comprehensive range of impacts and responses.

The draft national framework was issued for public discussion in March. This final version reflects a number of issues raised during the period for public discussion and takes account of the practical lessons identified from the national simulation exercise for an outbreak of pandemic flu, Operation Winter Willow, which took place earlier this year.

So that we are as prepared as possible, the framework suggests that more emphasis needs to be placed on planning at the upper ends of possible clinical attack and complication rates. Although the pandemics during the last century resulted in attack rates at or around 25 per cent., it is important that we consider a higher "reasonable worst case" scenario to ensure that our arrangements are robust and resilient.

The framework also includes the planning assumptions that describe the Government's likely position on such issues as school closures, and advice on social gatherings and the use of public places. The national framework will help organisations across government and in the private and public sectors to work together to prepare pandemic plans that can cope with a reasonable worst case scenario.

The framework is supported by a range of guidance. We are publishing an ethical framework for policy and planning, guidance on the provision of health care in a community setting and guidance to assist acute hospitals, social care services and ambulance services in their planning. We are also issuing for public discussion draft guidance on the following: death and cremation certification, proposing legal and other changes in the event of a pandemic; mental health services, assisting mental health trusts in developing their plans; surge capacity, managing the prioritisation of health services and patients at the peak of any pandemic; and NHS human resources guidance, dealing with the work force issues that may arise.

We are also launching a consultation on possible amendments to medicines and related legislation for use during an influenza pandemic. These aim to support the mass distribution of medicines and the maintenance of access to routine medicines at a time when front-line health care professionals will be focused on the most seriously ill. I have allocated additional funding of £10 million this year to assist the NHS in developing these plans. I expect every NHS organisation to have robust plans in place.

In the event of a pandemic there will naturally be a great deal of public concern. Our planning assumption is that we will rely on voluntary compliance with national advice during that period. However, should it be necessary to invoke emergency measures, we are taking public health powers in the forthcoming Health and Social Care Bill that could be considered in the event of a pandemic.

The development of the national framework and our response to pandemic influenza is grounded in the most up-to-date scientific evidence. The Department of Health's scientific advisory group on pandemic influenza takes into account evidence from the UK and across the world. Under its auspices, independently peer-reviewed scientific papers were published in August 2007, dealing with the clinical countermeasures and the risk of a pandemic originating from an H5N1 virus.

It is clear from the science that good basic hygiene measures must be at the heart of our response. Using a tissue when coughing and sneezing, disposing of it carefully and washing hands often will reduce the spread of influenza, as well as of common coughs and colds. The latest public health campaign, "Catch, it, Bin it, Kill it", is being launched to raise awareness of the importance of good respiratory and hand hygiene. It builds on the success of earlier campaigns.

Science has also informed our strategic approach towards stockpiling the clinical countermeasures we will need to fight a pandemic. The countermeasures will enable us to treat the symptoms of pandemic influenza, to reduce the number of complications and deaths and to reduce the spread of the virus.

To make sure that the UK has access to a pandemic vaccine I have signed advance supply agreements with GlaxoSmithKline and Baxter to deliver enough vaccine to cover the entire population. It should be the most effective vaccine against the pandemic virus. Those agreements mean that we are among the first countries to have contracts in place, and we will have a guaranteed supply of vaccine at a time when there will be significant international demand. Delivery of the vaccine is not immediate, however, as it can take a few months to develop an effective vaccine once the virus causing pandemic flu has been identified. It is important, therefore, that we obtain additional countermeasures.

Antiviral medicines are key to our response. If they are administered quickly to all patients with symptoms, they can reduce the duration of the disease and the risk of complications. To make sure that the UK has enough of the most common antiviral, Tamiflu, we have created a stockpile to treat a quarter of the population, assuming the rate of clinical attack seen in previous pandemics and putting us on a par with measures taken in countries such as Germany and the US.

I can tell the House today that the Government are planning to double the stock of antivirals, to cover at least half the population. We will continue to keep the level of stock under review in light of the scientific evidence, as we develop our business case.

The World Health Organisation has recommended that, in the event of a pandemic, antibiotics will be needed to prevent and treat the secondary bacterial infections that are likely to be the main cause of complications and deaths. Recommendations for the use of antibiotics are included in clinical management guidelines published recently by two medical journals, *Thorax* and the *Journal of Infection*.

The Government plan to procure 14.7 million treatment courses of antibiotics to treat and prevent the complications arising from pandemic flu. That stockpile will enable us to give antibiotics to vulnerable symptomatic flu patients, such as those with chronic conditions and the elderly, in advance of the development of secondary complications, and to treat others in the community if they develop complications. The antibiotics will also be used in hospitals to treat the sickest patients and may reduce the length of hospitalisation. The procurement of both antivirals and antibiotics will be subject to emerging scientific evidence and to normal commercial procurement procedures to ensure that we purchase those products at the best price, and achieve value for money for the taxpayer.

Maintaining the resilience of the NHS and social care will be critical. We must ensure that essential NHS and social care workers on the front line, caring for people with influenza, are protected. The World Health Organisation advises that health workers should wear face masks when caring for patients with influenza and use disposable respirators when carrying out clinical procedures likely to generate fine droplets from infected patients. The Government plan to purchase about 34 million disposable respirators and about 350 million surgical face masks for the use of health and social care workers in the event of a pandemic.

Although the available medical evidence does not support the use of face masks in all settings, I recognise that people may want to have access to face masks for their personal use. The Government will explore the approach that retailers are planning to adopt when stocking face masks for sale to the public.

Pre-pandemic vaccine is the only clinical countermeasure that can be used before the onset of the pandemic, but its success will depend on how much protection it gives against the actual pandemic virus, which is, of course, unknown until it strikes. The Government have a stockpile of 3.3 million doses of H5N1 pre-pandemic vaccine for health care workers. Its purchase in 2006 was an important step, designed primarily to support the health care response to the pandemic. The science underpinning the further development and potential use of pre-pandemic vaccine is cutting-edge and has just been reviewed by UK and international experts. We are actively considering their findings, and the implications for our policy, to inform future decisions, and I will update the House on any developments.

The preparedness strategy for pandemic influenza represents a significant investment. In assessing the options, we will ensure that value for money is balanced with the need to be certain that the UK is properly prepared. The significant progress we have made in protecting the UK has been recognised internationally,

[Alan Johnson]

and we continue to work closely with the World Health Organisation. Dr. David Heymann, the assistant director general for health security and environment at the WHO, said this week:

"The UK is still in the vanguard of countries worldwide in preparing for a pandemic, and is also one of the leading global players in addressing the cross-sectoral issues in their planning."

I can also announce that we have pledged a further £2 million to support the global pandemic influenza action plan to increase vaccine supply to help develop capacity to secure vaccine supplies for the developing world.

Today's publication of the national framework and the ongoing work to develop our preparedness strategy reflect the importance the Government attach to responding to the risk of an influenza pandemic for the UK. This is not an issue for partisan politics, and I am grateful for the constructive engagement of the hon. Members for South Cambridgeshire (Mr. Lansley) and for North Norfolk (Norman Lamb). To that end, I will arrange for them to meet the Minister of State, Department of Health, my right hon. Friend the Member for Bristol, South (Dawn Primarolo), and key officials to discuss our plans in more detail.

I commend the statement to the House.

Mr. Andrew Lansley (South Cambridgeshire) (Con): I am grateful to the Secretary of State for advance notice of the statement and for the opportunity briefly to look at the national framework document published today. Although originally Ministers said that it would be published last January, I welcome its publication and the further measures that the Secretary of State announced, including the acquisition of a stockpile of face masks. He will recall that it is just over two years since we first asked his predecessor to do that. It has taken that long, but we hope the stockpile will be in place before any threatened pandemic eventuates.

I welcome, too, the Secretary of State's announcement of £10 million for additional support for NHS planning. It is important that the work be done, and at present primary care trusts cannot allocate additional resources for it. The £2 million for the World Health Organisation is also welcome.

On finance, the Scottish Executive made it clear in a recent document that this year they expect to spend £5 million on pandemic preparations. From that, I deduce that the Secretary of State in England is probably expecting to spend about £50 million this year. Will he confirm that?

I thank the right hon. Gentleman for his remarks about the constructive engagement that began under his predecessor. I look forward to further discussions. He has responded today to some of the concerns I raised in our correspondence and I am grateful for that. None the less, I have a few specific questions.

The Secretary of State made it clear that he is responding to scientific advice from the Department's scientific advisory group. He will be aware that the group looked at one model whose effect would have been such that even if one of the component interventions was ineffective it would none the less be possible to meet the targeted strategy, but the group noted that

"the impact of this combination is such that only localised outbreaks of seasonal flu proportions would be expected with all interventions effective".

The scientific advisory group is modelling for an extremely effective countermeasures strategy, but within that there is not just a 50 per cent. antiviral stockpile, but a 75 per cent. antiviral stockpile. Although the Secretary of State says that he is not at the moment making any proposal for a pre-pandemic vaccine, the countermeasures contemplated in that model by the scientific advisory group include a 100 per cent. pre-pandemic vaccination. So will he undertake to consider in those discussions whether that is a viable model to allow further countermeasures to be put in place?

On a pre-pandemic vaccine, the 3.3 million doses of H5N1 that we have in hand were bought not only for possible use with health care workers, but for research. The Secretary of State knows that he cannot explain why they have not been used for any research, but research into H5N1, other vaccines and, indeed, vaccine technology is a vital part of our long-term preparations. Even if a pandemic does not occur in the next year or two or three—if it is 10 years hence—the efforts that we take now to improve vaccine technology so that we have cell-based or even DNA vaccines to respond much more quickly to a pandemic could be something for which we will be extraordinarily grateful in future.

The Secretary of State is still buying antivirals on the basis of treatment only. Will he undertake further to consider prophylaxis, particularly household prophylaxis, for antivirals and the acquisition of a stockpile for that purpose? Will he tell the House whether he has considered the threat of resistance developing to Tamiflu and whether he contemplates any subsidiary stockpile of Relenza, for example, for that purpose?

The framework document is very limited in its response on critical care beds. It is quite clear from work done by the Intensive Care Society two years ago that our critical care capacity will be overwhelmed in the event of a pandemic. It called for a doubling or a tripling of critical care capacity. What steps has the Secretary of State already put in place to expand critical care?

On school closures, the framework still pretty much says, "We'll see where we get to, and then the Government will issue advice." Did not Operation Winter Willow, if it was realistic, suggest that the Government will not be in a position to decide whether schools close in a severe pandemic? Parents will keep their children at home. Schools will close. Large numbers of health care workers and others will be at home, looking after their children. We must have a strategy in place that understands human behaviour in circumstances where the pandemic is severe.

Are the Government considering following the example set by the American Government of having not only WHO alert status, but their own view of the relative severity of a pandemic to guide the selection of countermeasures? It is certainly true that schools in America have already sent guidance to parents about what would happen at their school in the event of a pandemic.

I am sure that what the Secretary of State said about the WHO and developing countries is very welcome, but he will know, and the House should understand, that if there is a pandemic with a high case fatality rate and as many millions of people in developing countries are immune-compromised as a result of HIV/AIDS, the

potential threat worldwide is dramatic. So it is increasingly important that, for example, the Department for International Development and the Department of Health jointly work on trying to support contingency planning and countermeasures in some of those developing countries.

People often say, "We had BSE. We had SARS. We've had one scare after another. Isn't this just another scare?" Frankly, it has never been my view, as the Secretary of State knows, that this is just another scare. We had three pandemics in the last century. The characteristics of this one, with H5N1 persisting in the bird population alongside large numbers of humans, are probably more like those of 1918. The case fatality rate in 1918 was 2.5 per cent. This is a severe pandemic. It might not happen in the next few years, but it will happen at some point. Therefore, the measures that we take, as an insurance premium, remain modest in relation to the dreadful consequences of suffering from a pandemic on that scale, without those countermeasures being in place.

I have no doubt that Britain remains among those who are best equipped and have some of the best planning in place, but so we should be. I hope that we will be an exemplar to other countries, both in how we respond here to a pandemic and in how we support others, particularly the least developed countries.

Alan Johnson: I very much welcome the hon. Gentleman's constructive remarks. To pick up some of the issues, first, my right hon. Friend the Minister of State, Department for Transport said, when a Health Minister, that we would have a report ready in January. In essence, having the framework available now has allowed us to take full cognisance of Operation Winter Willow and to take into account the responses, because we had a closing date of 16 May for people to respond to the lessons that were learned. So the framework is better for the short delay.

The hon. Gentleman asks about the amount being spent, but may I give a hazard warning? I am perfectly willing to answer all questions on how much we spend on antivirals, antibiotics and so on after we have clinched a deal. The problem with our talking about the amount that we plan to spend is that it hampers our ability to get a good commercial deal. I can tell the hon. Gentleman that the advance supply agreements, for instance, cost £155.4 million over four years and the amount that we spent on H5N1 was £33.4 million, but I am reluctant to give the global figures for the stocks that we are due to negotiate on.

The hon. Gentleman mentions the scientific advisory group's option about 75 per cent. coverage. He is absolutely right that that was an option. The question is whether that is a viable model, and the scientists are still discussing the answer and whether we can use the antiviral for prophylaxis, because that very important issue is still subject to emerging science.

The hon. Gentleman makes an important point about using H5N1 vaccine for research. He knows that I said in a frank piece of correspondence with him earlier this year that I did not know why it was not being used for research, but we can discuss why we cannot use that for greater research when we have the scientists in front of us.

Work is going on to look at Relenza, because of some evidence that people might become resistant to Tamiflu and because it is advisable to have two drugs available. At the moment, Tamiflu is the only one.

On critical care capacity, when the hon. Gentleman sees the surge capacity guidance, he will realise that we spend a great deal of time considering how we can deal cost-effectively with a surge that is likely to arise from a pandemic, and critical care is obviously a factor of that.

On school closures, I had some wise advice from my right hon. Friend the Member for Blackburn (Mr. Straw), who told me that when he was at school in 1957, during the Asian flu outbreak, the school was closed down. It is good to have such distinguished, wise and elderly colleagues in Cabinet to tell us about such things. Essentially, we believe that the best thing that can possibly happen is that anyone who has symptoms of pandemic flu goes home and stays there; they should not go anywhere where they might spread it. That is why we now say in the guidance that there has been a change in the assessment programme for antiviral access, for instance, for children under seven. Previously, the guidance said that they should be initially seen by a GP. We now think that we can deal with that through the national flu line service, thus avoiding parents having to take ill children to doctors' surgeries, where we could get a greater spread.

The other very important point that the hon. Gentleman makes is about the need for international co-operation, particularly in relation to HIV/AIDS and having DFID, the Foreign and Commonwealth Office and our Department working together. We do that through the WHO, and it is a very important part of the partnership approach to the issue.

Finally, the hon. Gentleman is absolutely right in saying that this is not another scare. It is very important to reassure the public that we are not making this statement on the framework because there is an impending outbreak of pandemic flu; we are doing so because there were no national plans in 1968 for Hong Kong flu, which was the last outbreak, when we just fudged everything and got through as best we could. We need to have these plans. The hon. Gentleman is right that there will be an outbreak of pandemic flu—it is not a question of if, but a question of when—and it is right that this country is properly prepared.

Norman Lamb (North Norfolk) (LD): I am grateful to the Secretary of State for his early contact today to alert me to the statement and for early sight of the statement itself. He and the Minister responsible for public health have my reassurance that I am keen to co-operate fully on the process and look forward to hearing further about arrangements to meet with scientists and so on.

The statement comes just a fortnight after the outbreak of avian flu in my part of the world, in Suffolk. I fully understand that, as the Secretary of State made clear, there is not any fear of an imminent outbreak, but I guess that he would agree that we have been given a timely reminder of the absolute importance of getting a robust framework in place without delay.

On capacity in the NHS and social care, we talked yesterday about occupancy rates with regard to hospital-acquired infections. Is a system that is under quite a lot

[Norman Lamb]

of strain in terms of capacity, in relation to both health and social care, in a state to cope with a pandemic flu outbreak? Is there a need to look further at whether to increase capacity in the NHS and social care?

On international action, I note that the Secretary of State made it clear that the UK is ahead of the game. That is good to hear. However, presumably it is important, in terms of our own interests, quite apart from the interests of others, to promote effective action across Europe—quite apart from globally. What co-ordinating work is taking place with other European countries to ensure that they get their plans in place effectively? A report from the WHO found that less than half of the EU countries surveyed provided defined plans for the distribution of antivirals or specific guidance on where vaccines would be stored, how they would be distributed and who would administer them. Two thirds of national plans depart from WHO guidelines on the crucial step of limiting people's movements from affected to unaffected areas. What is the Secretary of State doing to ensure that the whole of Europe responds effectively and in accordance with WHO guidelines?

In December 2005, the House of Lords Science and Technology Committee issued a report that questioned whether the Department of Health could provide strong enough leadership in the event of a flu pandemic. It recommended the appointment of a Cabinet-level Minister, who would be responsible for co-ordinating implementation of a framework plan if there was a pandemic. Has that been considered, or is it under consideration currently? Is the Secretary of State happy that there is sufficient co-ordination with other Departments, and also, critically, with local government and public agencies? Reference has been made to the provision of resources to help the planning process. Does local government have sufficient resources to plan effectively in co-ordination with national Government?

Finally, on the time scale, can the Secretary of State give some indication of when the meetings in which the Conservative spokesman and I are to be involved are likely to take place, and when he hopes to get a final framework in place? We are all agreed that that is of the utmost importance and we all have a shared objective to get it in place as soon as possible.

Alan Johnson: I thank the hon. Gentleman for his constructive approach to the issue. He mentioned H5N1 in Norfolk. I know that he knows the medical advice, but it is probably as well if I read into the record the fact that H5N1 is predominantly an infectious disease of birds and that there is very little evidence of widespread human infection thus far, just as there is very little evidence of the kind of easy person-to-person transmission required to cause a human flu pandemic. However, H5N1 is a potential seedbed for the emergence of such a virus, which is why poultry workers in his constituency have been given the vaccine for H5N1 and offered regular seasonal flu jabs.

The hon. Gentleman asked whether the NHS will be able to cope. Yes, we are sure that it will. It will be able to cope much better for having gone through the national simulation project, Winter Willow, earlier in the year. We keep the situation constantly under review. The NHS showed its capacity to respond in relation to events such as the floods in Gloucester and my area recently. The situation, once the pandemic strikes, will of course be on a far bigger scale. However, all the evidence is that the NHS is ready to step up to the mark in these situations.

The hon. Gentleman asked about effective action across the EU. He is right that there is a necessity for that. The Minister of State, my right hon. Friend the Member for Bristol, South, hosted a conference in July of other European member states, and there was a discussion through the WHO in Washington recently, which included most European Union member states. We are all interdependent in the European Union, which is an important reason why the EU can give a focus to dealing with a pandemic. If the EU did not exist, we could not have that kind of cross-country co-operation.

The co-ordination in this country would take place through Cobra, chaired by the Prime Minister. The hon. Gentleman asked about co-ordination with public agencies. Gold command was another example of public agencies working together very well, in terms of both the security threat and the recent floods. I have absolutely no doubt that public agencies will be able to cope in the event of a flu pandemic.

Finally, the hon. Gentleman asked when we should have the meeting with my right hon. Friend the Minister of State and the experts and scientists. That should take place as soon as possible. I was talking to the hon. Member for South Cambridgeshire earlier. Perhaps we should organise a Hansard Society debate on the issue so that we can have all the available experts participating, as well as having important debates in the Chamber.

Dr. Howard Stoate (Dartford) (Lab): I thank the Secretary of State for an excellent statement. I am sure that the entire country will be pleased to hear that not only is Britain more prepared than any other country in Europe, but we are more prepared than we ever have been. The most effective and likely way of dealing with pandemic flu is the development of an effective vaccine. There are two problems with that. First, we have to develop the vaccine when we have the virus, and therefore we cannot do it yet. The second big problem is capacity for production. The biggest bottleneck we have is that, when there is a vaccine available, it will take some time to produce enough doses. What discussions has the Secretary of State had with vaccine manufacturers to ensure that there is enough mothballed capacity in the vaccine manufacturing industry in Europe and across the world to ensure that we get enough doses quickly enough when the vaccine is developed?

Alan Johnson: My hon. Friend raises a crucial point. That was an essential element of our negotiation of the advance supply agreement. We have the agreement with two companies: Baxter's and GSK. Part of that is to ensure that we get the proper level of supply, and to ensure that, in the event of an outbreak of a pandemic, the country that the vaccine is manufactured in ensures that it reaches this country and is not prevented from doing so by measures taken in the country of production. That is why we have insisted that the vaccine must be manufactured in the European Union and why we have

insisted on a clause stating that either the country of manufacture must have an agreement for sufficient supplies to the host country or that the companies must make that country aware of the agreement with this country. That is as far as we can go to ensure that we have the proper measures. The fact that we have the advance supply agreements in place—only two or three countries have similar agreements, so we are one of the first—means that we are better placed than most other countries to deal with the situation.

Mr. Nigel Evans (Ribble Valley) (Con): I congratulate the Secretary of State for Health on coming to the Chamber to make a statement. Perhaps he could have a word with his chum the Secretary of State for Transport to tell her that that there is nothing to be frightened of and that perhaps she should give it a go now and again.

One group that would clearly be under threat from an influenza pandemic is elderly people and those who are already infirm. Can the Secretary of State give any guidance on what advice would be given to people to be "good neighbours"? In rural areas, such as the area where I live, there tends to be a good neighbourhood policy in any event, particularly in relation to elderly people and those who live alone. One of the loneliest places, from my experience, is a city with a population of millions. People may live in a block of flats but still not talk to anybody on a day-to-day basis. Perhaps advice could be given that, particularly in the lead-up to what could be an outbreak of a flu pandemic, people should be good neighbours, look more carefully at people who live around them, and provide guidance and lifts to pharmacies or GPs.

Alan Johnson: The hon. Gentleman raises an important point, and guidance is an essential element. We are saying that if a person has any symptoms of the flu, they should go home. For the vast majority of the population, a flu pandemic will mean a couple of days in bed, and then they will be fine. The essential thing is that they do not spread the disease, so we advise them to stay at home.

We use the terminology "a flu friend". A person with symptoms should not go to the pharmacy to collect their drugs, as they are likely to spread the illness. They should stay at home, and a friend, member of the family or colleague will go to the pharmacy for them, collect the antiviral, which is taken in tablet form, and take it home to them.

One of the many reasons that I am proud of this country is that there is still a community spirit. We saw it in the floods, and we see it every time there is an emergency. People are good at ensuring that they do as much for their community as possible. There can be a problem with ensuring that proper advice is given to people in isolated rural communities, who sometimes do not see a human face from one week to the next. We have to make sure that if they do not have relatives or friends nearby, someone is there and is responsible for ensuring that they receive the proper antiviral.

Paddy Tipping (Sherwood) (Lab): The Secretary of State has made it clear that there is no chance of people catching avian flu from eating poultry, provided that it is properly prepared and cooked. Given that this is an important time for the poultry industry, will he work with his colleagues in the Department for Environment, Food and Rural Affairs and with the industry to promote that message in the run-up to Christmas?

Alan Johnson: I will do that, but I am absolutely sure that my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs needs no reminding. I have heard him make the point absolutely clear. It is essential that people are reassured that there is absolutely no danger from eating turkey—provided, of course, that it is cooked properly. If it is not, there would be a danger in any circumstances.

Mr. Roger Williams (Brecon and Radnorshire) (LD): As has been said, effective pre- and post-pandemic vaccinations are likely to be the most important tools for limiting the severity of an outbreak. The speed at which vaccines are developed is very important. It depends greatly on international surveillance to identify any emerging pandemic, including perhaps in less developed countries that do not have the facilities. What support are our Government giving to worldwide surveillance, so that we can identify any potential pandemic?

Alan Johnson: We are completely supporting the World Health Organisation's attempts to ensure that that takes place. I have announced the extra £2 million that we are providing to ensure vaccination in developing countries. We are better placed than we were when previous pandemics broke out, as there is closer collaboration with other countries and better communications. That can mean that the pandemic spreads more widely, more quickly, so it is a double-edged sword. Surveillance, the necessity of concentrating on tackling an outbreak wherever it is in the world, and ensuring that the outbreak is an epidemic, not a pandemic, are central features of trying to protect the British public.

Martin Horwood (Cheltenham) (LD): I declare a personal interest, as my wife is a director of public health. I first questioned the attack and fatality rates in the Department's assumptions last July, so I very much welcome a fresh look at those assumptions. Why is the Government's worst-case fatality rate still only 2.5 per cent., given that among humans catching the avian variant the fatality rate is in excess of 50 per cent., and given that the Department has accepted that there are no comparable statistics for the precursors of earlier epidemics? Secondly, will the Secretary of State work with Ministers in the Department for International Development to increase production capacity in south-east Asia for pre-pandemic antiviral treatment, which might help to suppress an outbreak at source and increase global capacity for antiviral production?

Alan Johnson: All I can say to the hon. Gentleman is that we are following the best scientific advice, which is still that the upper level for deaths will be 2.5 per cent. of those affected by the pandemic. That remains the case, and that is the reasonable worst-case scenario. To take absolute precautions on the reasonable worst-case scenario, and ensure that we have what we call defence in-depth, we should move from 25 per cent. coverage to at least 50 per cent. coverage. The scientific advice is very much with us on that. The mortality rate remains 2.5 per cent. I suggest that the hon. Gentleman speak

[Alan Johnson]

to his hon. Friend the hon. Member for North Norfolk (Norman Lamb), who can explore the issues when we gather with the experts, but that still remains the best scientific evidence, and I must be guided by that evidence.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): Inner-city communities such as mine are characterised by very high population turnover—we have 30 per cent. change on the electoral register—high diversity, and a very low proportion of registration with GPs. That feeds through into relatively low screening and immunisation rates across the board. That is bad enough for measles, mumps and rubella and cervical cancer; it could be catastrophic in the circumstances that we are talking about. Will my right hon. Friend assure me that he is liaising with primary care trusts, hospital trusts and local authority organisations to deal with the particular pressures on inner-city communities, where people are not registered with GPs? There is also the issue of casualised workers who do not have sick pay entitlement; we need to have a dialogue with employers, to encourage them to ensure that employees take time off when symptoms occur.

Alan Johnson: My hon. Friend is right to say that that co-ordination is essential. Our plan is for the national flu line service, run by NHS Direct, to be the first port of call. GPs' surgeries, and hospitals in particular, should be left for the most serious cases. Our plan is that people ring an easily accessible number and explain their symptoms. The national flu line service can then ensure that there is a supply of antivirals ready to be picked up from a supply depot. The flu friend I have talked about would then go and collect it for them. In the vast majority of cases, there will be no need to go to a GP's practice. We have to make sure that people understand that, and understand the arrangements that are in place, so that when there is a pandemic outbreak, the national health service and GPs' surgeries are not inundated with people who are there because they think that the GP may be able to do something for them, when we have plans in place to ensure that antivirals can be distributed without the GP being involved.

TOPICAL DEBATE

Climate Change

Mr. Deputy Speaker (Sir Alan Haselhurst): We now come to the main business, which is the second of the topical debates. May I share with the House the difficulty of determining the appropriate time limit for Back Benchers in an oversubscribed debate? Under the rules, the Front Benchers could, between them, take 26 minutes or, if intervened on to the full extent, 52 of the 90 minutes available. I do not want to inhibit the debate in any sense, but the more interventions that are made, the less time there is for us to try to ensure the fullest possible participation in the debate. I call Mr. Phil Woolas.

1.7 pm

The Minister for the Environment (Mr. Phil Woolas): Thank you, Mr. Deputy Speaker. I will try as best I can to accommodate a good debate. There is always a balance between taking interventions and eating into Back Benchers' time, so I will get on with it.

Mr. Deputy Speaker: Order. It would help if the Minister moved the motion.

Mr. Woolas: I beg to move,

That this House has considered the matter of climate change.

It is appropriate that climate change has been chosen for one of the first topical debates, because in the Government's view it is the greatest challenge of our time. It threatens not only our environment, but our security, prosperity and future development. Last weekend, right hon. and hon. Members will have seen the report of the intergovernmental panel on climate change; its conference is taking place in Valencia. The report has given the world the loudest possible wake-up call. The warming of the climate system is now unequivocal. I am not aware of any country in the world that doubts the existence of man-made climate change. It is incumbent on us all to provide the leadership and take the decisive action that the scientists have called for.

The report from the intergovernmental panel on climate change report comes two weeks ahead of the meeting of the world's Environment and Finance Ministers in Bali as part of the United Nations framework convention on climate change. At that meeting, along with our EU colleagues, we want to see the launch of comprehensive negotiations to deliver a post-2012 agreement to tackle climate change, 2012 being the end of the first period of the Kyoto agreement.

Mr. John Redwood (Wokingham) (Con): Can the Minister tell us what percentage energy reduction his Department will achieve this year?

Mr. Woolas: Not off the top of my head, but I can send that information to the right hon. Gentleman. We in the Department take very seriously our role as an exemplar of reducing carbon emissions. Clearly, if we are trying to influence public opinion, we must set a good example. Parliament, and not least the right hon. Gentleman, will make sure that we do. I thank him for that intervention.

It is important to avoid a gap between the first and second commitment period of the Kyoto protocol. For that reason, we need to secure agreement by the end of 2009. Apart from the need to avoid such a gap, it is important that Parliaments and legislatures have time to scrutinise agreements, and perhaps even more important that businesses and organisations, particularly the energy industry, have time to put their policies into place.

I draw the attention of the House to the statement that we published on Monday setting out the approach that the Government believe should underpin a post-2012 framework for international action. There are four key principles. First, the post-2012 regime must fit the scale of the challenge. To avoid the dangerous impacts of climate change, global greenhouse gas emissions must peak within 10 to 15 years and fall by at least 50 per cent. by 2050.

Secondly, the agreement must be fully effective, involving all countries with significant emissions. For that to be real, the Government believe that a truly global carbon market needs to develop, because putting a price on carbon is essential to incentivise new investment in energy efficiency and clean energy sources, not just for the developed world but for the developing world as well.

The third principle is that of fairness. Developed countries such as ours have the greatest responsibility and the greatest capacity to reduce emissions. The larger emerging economies, however, also need to adopt new commitments that reflect their growth and pace of progress, ensuring that their future prosperity goes hand in hand with environmentally and economically sustainable development. Fairness also demands that richer countries play their part to support developing countries as they make the transition to clean energy technologies.

The fourth principle is that a post-2012 agreement must be comprehensive, addressing emissions from energy at the same time as controlling emissions from land use and, as I said to the Forestry Commission yesterday, deforestation.

Mr. David Kidney (Stafford) (Lab): With reference to fairness between the developed world and the developing world, will my hon. Friend say a little about the Government's attitude towards the transfer of know-how, technology and funding from the developed to the developing world without opening up a loophole in a future binding agreement, so that we do not all buy credits in other parts of the world for schemes that should have been undertaken by another route anyway, as part of meeting our own obligation?

Mr. Woolas: My hon. Friend identifies a crucial point. Our responsibility to the developing world requires a binding commitment on ourselves and other developed countries in agreement to contribute—I was about to say more than our fair share, but it is not more than our fair share because, historically, we have that responsibility. Carbon markets and offsetting can help the technological transfer that my hon. Friend calls for, but it is crucial that we avoid the outcome that he is concerned about.

Lembit Öpik (Montgomeryshire) (LD): I agree 100 per cent. on the case for a carbon market, but does the Minister agree that it is important that we get the pricing right? Does he accept that there will be an impact on the nuclear debate, because nuclear energy is not zero carbon? It has a carbon footprint. In the consultation that is scheduled to report soon, will there be a statement on the carbon consequences of the nuclear industry, taking the mining of uranium into account?

Mr. Woolas: The hon. Gentleman raises a point that is central to the debate. Underlying his question are the crucial debates and decisions about the starting point, as different countries are on different trajectories. That makes his first point even more important. A carbon market must be based on robust science.

Several hon. Members *rose—*

Mr. Woolas: Perhaps I could finish my remarks about the principles before taking interventions.

Mr. David Chaytor (Bury, North) (Lab): Will my hon. Friend take an intervention about the carbon market?

Mr. Woolas: Yes. I will not use up the injury time, Mr. Deputy Speaker.

Mr. Chaytor: I am grateful for my hon. Friend's assurance that he will visit my constituency to speak to the Bury climate change coalition in the near future, and I look forward to agreeing a date for that visit with his office. Before we leave the topic of the carbon market, will he look again at the question of the cap on the number of credits that the Government could buy through the carbon market as a means of securing their CO_2 emission targets? The response to the pre-legislative scrutiny is not strong enough on that point—the Government suggested that there should be no limit to the number of credits that could be purchased.

Mr. Woolas: I look forward to visiting Bury and engaging the public in these debates. That is important and I commend my hon. Friend's leadership in his constituency. The Climate Change Bill will soon be debated in the other place and I look forward to the advice of the other place on the point that my hon. Friend makes. The priority is to achieve a global carbon market, but within that we can take account of his point.

The fourth principle is that the agreement must be comprehensive. It must address emissions from energy at the same time as controlling emissions from land use and deforestation. Following the preparatory committee meeting in Indonesia, I am much more optimistic that forestry and deforestation can be included within the framework conversations. There has been positive movement on that issue, although one must be cautious. All significant sources and gases must be included, not just CO_2. Aviation and shipping are crucial international industries, which must be covered by a long-term framework.

As all our constituents tell us, the UK cannot tackle climate change alone, but we believe that we are showing strong leadership by taking action domestically to reduce our emissions. We are on course to meet our Kyoto targets. That target matters above all the others and we are making good progress. There is an important message that the United Kingdom and other countries are taking around the world. We have been able to show that economic growth and increased prosperity for our peoples

[Mr. Woolas]

are possible while cutting greenhouse gas emissions. The fear of the developing world and of many individuals is that that decoupling is not possible. The United Kingdom is in a strong position. The Climate Change Bill, introduced to Parliament last week, is the first of its kind in the world. Through domestic and international action, it will enact our target to reduce carbon dioxide emissions by at least 60 per cent. below 1990 levels by 2050. In his speech earlier this week, the Prime Minister outlined detailed measures for moving forward on that policy.

We will continue to take significant steps to reduce major emissions and improve the lowest hanging fruit, which is energy efficiency—in our homes, businesses and public sector organisations. We will promote better information and make it easy for the public to act. All the evidence from the Act on CO_2 campaign shows that the public are willing to take action, and our job is to put the structures and processes in place so that that can happen. That is why we have announced that homes will have access to a one-stop green homes service, which will provide high-quality, independent advice on energy efficiency, microgeneration, transport, water, waste and related issues.

Businesses are also playing their part. As the Chancellor remarked, a "green industrial revolution" is taking place worldwide. It

"presents the opportunity for new goods, new services, new capital markets and new jobs."

The UK environmental industry has massive potential to take those chances. This country has a dynamic and growing sector, with a turnover of £25 billion in 2004; that is predicted to grow to £46 billion by 2015. As I said, while our economy is growing, our greenhouse gas emissions are reducing. That is the crucial part of the policy.

I look forward to the debate and to continuing to make progress with our overseas colleagues. A truly global effort is required. We have our part to play, and this country has a proud tradition of leading opinion.

1.22 pm

Gregory Barker (Bexhill and Battle) (Con): The Conservative party welcomes this topical debate on climate change. It is timely, coming between the Second Reading of the Climate Change Bill in another place next week and the Prime Minister's first substantive foray into the climate change agenda last Monday.

We welcomed several elements of the Prime Minister's speech, but it is unfortunate that he waited five months after taking office—indeed, until after he had called off a general election—before making a significant speech on the greatest threat facing humankind. However, it must be a positive step forward that he is now beginning to engage in the debate.

The big question for us all, certainly for all of us concerned about stopping global warming, is this: does this new Prime Minister really get it? The rhetoric of his speech on Monday was positive, but we all know that rhetoric is not enough; if it were, the problem of climate change would have been solved long ago. We need urgent action and we want to work constructively with the Government to achieve it.

The new politics of climate change puts an onus on politicians of all parties to try to forge a consensus when possible. However, that does not mean failing to hold the Government to account for inaction, contradiction or lack of ambition. Taking the Prime Minister at face value on climate change is a big ask, and his performance so far this year is not encouraging.

Lembit Öpik: Before the hon. Gentleman gets to the confrontational part of his speech, I should like to catch him in his consensual mood. Do he and his party agree with the Liberal Democrat view that smart meters are essential to reduce energy needs? Does he agree that one of the things that we need to persuade the Government to do—it should not be a partisan effort—is to make sure that they set a benchmark and a standardised environment within which all the smart meter and energy companies can compete? Such companies are not against competition, but they need guidance from the Government to achieve their goals.

Gregory Barker: That is a good point, with which I am happy to agree. There has been some good work on smart meters, which we have already pledged to roll out: the report chaired by my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) focused on the role of smart meters.

Mr. John Gummer (Suffolk, Coastal) (Con): Will my hon. Friend remind the Liberal Democrats that it is no good just getting the conformity right? We have to commit ourselves to rolling out smart meters in eight years. That can be done; the industry can meet that target. That will make a bigger difference than anything else. Why on earth have the Government held up the legislation in place to do that?

Gregory Barker: Exactly—we need urgent action.

Mr. Chaytor: The hon. Gentleman talked about a lack of Government ambition. Can he name any Government in the world who have shown more commitment or exercised more influence than ours in putting the case for an international agreement on CO_2 emissions?

Gregory Barker: On the international stage, where rhetoric is at a premium, the Government have done well, and I certainly pay tribute to the work of Tony Blair. However, we have a real problem in respect of our domestic performance: we are simply not matching the international rhetoric with delivery at home.

I have a few examples of the failure of Government rhetoric. This year, they dropped their own commitment, made in three consecutive manifestos, to cut British carbon emissions by 20 per cent. by 2010, and replaced it with a target of 15 per cent. *The Guardian* reports today that the Government have ordered a U-turn on the Merton rule, having caved in to the House Builders Federation. The Government have chronically underfunded, and are now scrapping, the farce that is the low-carbon buildings programme, causing huge problems for the microgeneration industry. They have underspent, cut and then redirected budget commitments for energy efficiency and failed to support plans to build the world's first carbon capture and storage power station in Peterhead, Scotland, opting instead for yet another

iterative round of consultation and a competition, instead of just getting on with it. They were caught red-handed trying to water down Britain's commitment to the EU renewable energy target of 20 per cent. by 2020.

Although the Prime Minister acknowledged the scale of the challenge that we face, his speech was remarkably short on solutions proportionate to the task. We had already heard much of what was announced. The Government had already committed to end fuel poverty, take action on low-energy light bulbs, build zero-carbon homes from 2016 and launch a competition to build a commercial carbon capture and storage project in Britain. The most groundbreaking proposal on Monday may have been the Prime Minister's move to eliminate plastic shopping bags, but even that is to go to a forum for discussion before anything is done. Reluctance, reannouncements, rehashing and repetition are, sadly, all too familiar.

People are asking where the real vision and action are. If we judge the Government's performance this year by deeds and not words, a decidedly mixed and unambitious picture emerges. I ask the House to keep in mind the following facts: despite all the talk, UK carbon emissions are still higher today than when the Labour Government took office 10 years ago; the downward trajectory is barely noticeable. This morning, perhaps mindful of the irony of the fact that we were to have this debate, the Government snuck out a written statement announcing that they intend to expand massively Heathrow airport, without so much as a mention of climate change or carbon emissions in the consultation process. The Bali conference is only weeks away, and Britain will no longer be visiting in a position of global leadership on climate change.

Martin Horwood (Cheltenham) (LD): On the subject of leadership, will the hon. Gentleman take this perfect opportunity to say that, in respect of the targets in the Climate Change Bill, the Conservative party will stand shoulder to shoulder with Friends of the Earth and the Liberal Democrats in arguing for reductions of at least 80 per cent. by 2050?

Gregory Barker: That is a good point, and I shall come to it specifically later.

Mr. Kidney: Does the hon. Gentleman accept that when we get to the international negotiations, Governments from around the world will resist any binding agreements on carbon reduction, because they fear that it will harm their economies? Does he give credit to this Government for proving in the past 10 years that we have successfully expanded our economy but decoupled the production of carbon emissions that used to go with that?

Gregory Barker: We have expanded our economy but barely reduced our CO_2 emissions, and we will meet our Kyoto commitments only because of the big leap forward that was made under the last Conservative Government. Nevertheless, I give credit to the Government for arguing the case.

Mr. Chaytor: Will the hon. Gentleman remind us of his party's view of the climate change levy and what contribution that has made towards reducing CO_2 emissions?

Gregory Barker: The climate change levy is a very inefficient tool: like a lot of things that come from new Labour, it is a great brand but poor in its effects. We should replace it with a carbon levy that does not focus on the amount of energy a business uses and clobber its competitiveness across the board, but focuses specifically on carbon output. That would be a much more business-friendly tool.

Mr. Gummer: Is not the climate change levy a typical example of this Government's actions? They call something the right name, it does not work, and then they accuse people who complain about it of attacking the whole principle. They must put their words and actions together if we are to achieve anything.

Gregory Barker: It is new Labour all over—great brand, shame about the product.

To be fair, the Government are coming forward with some new measures that we can support, but they are small beer compared with the enormity of the task that we face. Nor can we leave it all to individuals or the consumer to help to deliver Britain's CO_2 reductions. What Britain needs is dynamic industrial change—change that is urgent, ambitious, clear and focused on the long term. The Prime Minister is right to join us in talking about the advent of a new industrial revolution and the opportunities that that could present, but the current pedestrian pace of change is not commensurate with the urgency of the challenge. Conservatives understand the changes that we need to make and the path that we need to take to meet this enormous challenge, but we also recognise the huge economic opportunity for Britain that this could offer. Over the next decade, UK plc has a real opportunity to lead the world. Conservative Members are not pessimists. Mankind will reach for solutions; our most progressive companies and successful entrepreneurs are already doing so. I have no doubt that we can embrace the low-carbon economy, because with or without us the world economy will change—

Mr. Redwood: Does my hon. Friend agree that if one wishes to influence people's behaviour it is often better to offer them tax incentives and encouragement instead of higher taxes and over-prescriptive regulation that they can get around?

Gregory Barker: My right hon. Friend has hit on the head the difference between the Labour way and the Conservative way. We stand for incentives, encouragement and supporting business, not just clobbering it.

In Britain, we have a clear choice. We can be players on the field of the global economy, looking for solutions, forging new markets and grabbing first mover advantage, or we can be spectators watching from the sidelines while the action takes place without us. We have the research excellence and the entrepreneurs, and in the City we have an abundance of green capital. Let us not repeat the mistakes that we made after world war two, when in the face of change we clung to the old industrial certainties. We failed to modernise and let our competitors invest in change and innovation, and by being so cautious we locked a whole generation into economic decline.

As we enter the new low-carbon era, let us not make that mistake again. We need to embrace change and seize the opportunities that it will create. That is why we

[Gregory Barker]

are drawing on the work of the quality of life review undertaken by my right hon. Friend the Member for Suffolk, Coastal and Zac Goldsmith. That is why we are using this great toolbox of ideas. That is why we propose bold policies such as the introduction of feed-in tariffs for microgeneration, which are working well in Europe, the replacement of the ineffective climate change levy with a focused carbon levy, and the introduction of a waste heat levy to incentivise combined heat and power and drive innovation in the energy sector—and let us not forget the reform of air passenger duty, which would move tax from the individual passenger to the efficiency of the aircraft. There is much more to come from the Conservatives, all of which will be aimed at ensuring that British business is sent clear, long-term market signals from the earliest possible date and that the long-term cost of carbon becomes embedded in economic decision making.

The Climate Change Bill will play a vital role in helping to create the long-term direction that business needs. As the House knows, Conservatives welcome the Bill, and it is to the Government's credit that they introduced it in the Queen's Speech. We look forward to working constructively on a cross-party basis to enhance and strengthen it when it begins its passage through the House of Lords next week. However, we must all acknowledge that it is only a framework; it cannot deliver a low-carbon economy on its own. Without coherent, joined-up and ambitious policy to underpin it, it will be little more than an effective way to keep track of the Government's failure. As it stands, it needs to be strengthened and improved.

I do not want to pre-empt the Second Reading debate on the Bill, but there is one crucial point that the Government need to act on urgently. On Monday, the Prime Minister finally acknowledged that all the latest science says that an emissions reduction target of up to 80 per cent. is necessary to keep warming within the 2° target. Conservatives strongly believe that scientists, not politicians, should drive those targets. He also seemed to acknowledge his awareness that there is a flaw in how the Bill proposes to deal with raising its current reduction target of a minimum of 60 per cent. The Government are to ask the independent committee on climate change to revisit the 60 per cent. minimum target and report back with its recommendations in 2009. However, the committee will set the first 15 years of carbon budgets in 2008—a year before we know what the new reduction target will be. That is nonsensical. It is vital for British business to know the targets now, before we map out how we achieve them.

On Monday, the Prime Minister acknowledged that there is a problem but fudged the response. More clarity is needed. We need the committee to be announced to Parliament now, to sit provisionally before Royal Assent is given to the Bill, and to inform the targets that are proposed in it. Any other route would not provide the clear, credible and long-term signal that business so badly wants from the Bill. Moreover, we firmly believe that the committee is insufficiently independent. Its remit is too broad and vulnerable to political influence. Its recommendations must be driven and informed by the science.

Martin Horwood: I agree about the need for independence and for a shadow committee to be established soon. Returning to targets, the hon. Gentleman seems to have accepted the figure of 60 per cent. that is in the Bill. What is his objection to setting a higher figure now and letting the scientists reduce it if we do unexpectedly well?

Gregory Barker: We want to get away from politicians fiddling with the targets and having a know-all attitude. We want science to drive the long-term targets. It is clear to everybody that 60 per cent. is not enough, but rather than me—a graduate with a history and economics degree—suggesting a target for the Bill, far better that it should be the scientific committee that is going to sit and consider it. We will support a far more ambitious target, but for the sake of its credibility it needs to be set by scientists, not politicians.

Mr. Michael Jack (Fylde) (Con): Does my hon. Friend agree with the conclusion of the report by the Select Committee that examined the draft Climate Change Bill, which said that the status of the Committee should be equivalent to that of the Monetary Policy Committee, whereby the Secretary of State would have to accept its advice and not merely regard it as guidance?

Gregory Barker: Those are wise words. We will draw on the work of my right hon. Friend's Committee in the House of Lords and, in the new year, in the Commons.

We firmly believe that the committee must be independent and that independent science must drive its recommendations. It is not there to second-guess any of the Government's political priorities, whatever colour the Government of the day may be. There is much work to do on the Bill, but we look forward, in a constructive spirit, to enhancing and strengthening it in the coming weeks to turn it into the framework for dynamic industrial change that it has the potential to be.

The world stands on the cusp of a new low-carbon age. Britain has too much potential to do anything other than help to lead the way forward. However, that requires a Government with ambition, vision, ideas and the people to come together to provide that leadership.

1.39 pm

Colin Challen (Morley and Rothwell) (Lab): I have sat in this Chamber on many occasions thinking that time was going backwards, and today that belief was confirmed. The clock has gone backwards several times already; I am sure that can be reviewed.

I welcome the debate because it is very timely, given that the week-long conference of the Commonwealth Parliamentary Association will take place next week, here in Westminster. Parliamentarians from all over the Commonwealth will attend, and I very much look forward to it. I also look forward to being in Bali for at least the first week of the conference. I hope to try to influence things, but I probably have no great chance of success. It will be a very difficult conference—perhaps somewhat more difficult than a win for an English side against Croatia. At least the England team will get another chance; we will not have a second chance after Bali. There may well be a penalty shoot-out later on, but we will have to wait and see.

I very much welcome the Government's statement on their principles for approaching Bali, and the credence we can give to the principles is based on the Government's leadership. There might be some domestic problems—we all know about those—but in the international arena the UK has led the debate on climate change. The first principle states that the post-2012 regime must meet the scale of the challenge. That is absolutely correct. There cannot be any deviation from that principle at all. It is good to remind ourselves how big the challenge is. We often say that we have 10 or 15 years before global emissions peak and then drop. I would argue that we have already exceeded that peak.

Over the past 650,000 years, the highest level of carbon alone in the atmosphere was 280 parts per million, and now that figure stands at 384 parts per million. Carbon equivalent gases are perhaps over 430 parts per million now. It is obvious to me that we are well into uncharted territory already. We do not have a window of opportunity to see how much further we can test the system. I would not accept anyone saying that we have another 10 or 15 years to sort the problem out. We do not.

Mr. Nigel Evans (Ribble Valley) (Con): I wish the hon. Gentleman well on his visit to Bali. I was in India not so long ago. It has huge poverty, and it is a developing country. We cannot tell countries such as India, or the poorest parts of China, that they cannot develop. We want to ensure that they are able to grow in the most environmentally friendly ways possible. Developed countries such as the United Kingdom and the United States of America can help by sharing our technology with those countries. We should not see that as a barrier to competition, or the giving away of a valuable resource. We would be playing our part in helping them to grow in an environmentally friendly way.

Colin Challen: I absolutely agree with that. There are two further points. We should also bear it in mind that if we want them to grow, we will have to allow them a degree of increase in their carbon emissions. We allowed ourselves that luxury. I hope that it would not be on the same scale as ours, but the only way to ensure that is to make our cuts even deeper. We also need technology transfer mechanisms. One of the possibilities that we ought to consider is the way in which the World Bank is funding fossil fuel developments. Oil companies, with oil priced at nearly $100 a barrel, are making unprecedented profits. That does not make sense.

To return to the target, and the stabilisation greenhouse gases, a new element now has to be factored in. In the past, we largely concentrated on anthropogenic emissions, which reflects the science since about 1994. Recently, and this idea is now included in the Hadley Centre's future work programme, we have had to consider the coupling of greenhouse emissions from man-made sources and those coming from positive feedbacks into the system, which are now emerging as a major contributor. We have multiplied the impact of positive feedbacks, and if we get beyond a tipping point, there might be nothing we can do to rein in those feedbacks. That modelling is now being used more widely, including by the intergovernmental panel on climate change, even though it was buried deeply within its report. If we consider that factor, I hope that we will note that our targets have to be much higher—probably beyond the 80 per cent. that has already been mentioned this afternoon. That is a worrying development, but we have to take it into account if we are to achieve the first principle set out by the Department for Environment, Food and Rural Affairs.

The Tyndall Centre for Climate Change Research has considered what our accepted share of global emissions might mean for us. It has shown that to have a 30 per cent. chance of avoiding dangerous climate change, the UK's 50-year budget between 2000 and 2050 has to be fixed at about 4.8 gigatonnes of CO_2. It also has shown that between 2000 and 2006, the UK emitted 1.2 gigatonnes of CO_2, so we have already used one quarter of the budget available to us, based on our current understanding of what must be done. That shows the severity of the situation. Based on those figures, to have a 30 per cent. chance of avoiding dangerous climate change, the cuts in our emissions we need to insist on after 2012 could be as much as 9 per cent. per annum. That goes well beyond anything anyone has asked for before.

I want to examine one of the other principles to which the Government have alluded in their statement, which is the role of markets. Markets are seen as the greatest mechanism to deliver cost-effective reductions in carbon emissions, and we have to focus hard on how successful they will be, and on whether we should not put too much faith in them. It is quite right that low-cost options should be explored first—they are the low-hanging fruit, and the biggest reductions can come that way—but the history of the markets to date shows a great deal of volatility in prices for carbon. It is now back at over €20 in the emissions trading scheme, having gone down to zero at one point.

There is not a great deal of long-term investment opportunity for the investment community if it cannot see how the future will pan out for the price of carbon. If we are always going to focus on the cheapest price of carbon, we will price out some of the long-term, perhaps more expensive, things that we need to do—alternative energy systems that are quite expensive to get up and running. We need to recognise what Stern said about carbon pricing: we cannot rely on markets alone to set the price. We have to do a range of other things to ensure that we do the right thing. To a great extent, we will need renewable technologies.

I have already mentioned the role of the World Bank. It needs to stop funding fossil fuels immediately, and we should invest more heavily in renewables. We should follow the example of Germany and examine successful schemes, such as the feed-in tariff. There are arguments about the level at which it can be applied, but we ought to be open to such ideas, and not over-defensive about measures we have in place already. Those are working to a certain extent, but if we compare the way in which the German feed-in tariff works with the way in which the renewables obligation works, we find that the feed-in tariff delivers renewable electricity about 2 euro cents cheaper per kilowatt-hour than our own system. We should be open to new ideas. It would be an example of leadership in Bali to say that we are not going to hunker down and be protective about what we have done. We have to be open and co-operative if the Bali process is going to work.

[Colin Challen]

Finally, I would like to reiterate my proposal that in the two-year period before the COP 15 in Copenhagen, when I hope the deal will be ready to sign, the UK should have some sort of national, Government-sponsored convention on the climate change framework, so that we can involve civil society, non-governmental organisations, business and everyone else with an open mind, just as we did at the Exeter science conference, to include far more people in the debate.

1.48 pm

Martin Horwood (Cheltenham) (LD): It is the first Bill introduced into any national legislature with binding targets designed to limit and then slash national carbon emissions. Although its target of a 60 per cent. cut by 2050 is not nearly high enough for my liking, it is certainly ambitious, and its sponsors deserve praise for their political courage, their foresight and their willingness to tackle one of the most important challenges facing the world today. So, perhaps the Government will take the earliest opportunity to congratulate Senators Richard Warner of Virginia and Joe Lieberman of Connecticut on the American Climate Security Bill, which they introduced into Congress on 18 October. Yes folks, we have faffed around for so long with our Climate Change Bill that despite the fact that Friends of the Earth launched its "big ask" campaign in May 2005 we risk being overtaken by George Bush's America, of all places.

As the USA is responsible for 20 per cent. of global greenhouse gas emissions, its Bill is of such global importance that I want to ask the Minister what discussions he has had with fellow Ministers at the Foreign Office to ensure that pressure is put on the US Administration not to veto it.

Mr. Woolas: The hon. Gentleman makes an important point. I do not think that it is fair to say that we faffed around. We used pre-legislative scrutiny, for which the Liberal Democrats have always asked. Of course, it is the period of the enactment of our Bill that counts. It is important to recognise the efforts of those in the US Senate who have made similar proposals. The Foreign Office has been involved in debates with the White House, the Senate and the Congress on those points. I acknowledge the importance of the hon. Gentleman's point.

Martin Horwood: I am pleased by the Minister's response. Al Gore and other climate change campaigners have achieved a remarkable turnaround in American public opinion, but the oil man in the White House still has his head in the sand and his boots in the air. The British Government and the EU need to apply whatever pressure they can to ensure that the Lieberman-Warner Bill is passed.

The Lieberman-Warner Bill tackles an question that I have asked several times in this House and that also appears in the Stern report. I have never heard an adequate reply from Ministers. What can be done about those countries that do not or will not put a cost on carbon in their economies and seek a short-term competitive advantage in mobile industries, such as the aluminium industry? We might see a flight from stricter carbon regimes, thereby making the situation worse in such industries rather than better.

The Lieberman-Warner Bill suggests that imports from countries without an emissions cap should be subject to compulsory purchase of admissions permits. Stern considered a similar approach. What is the Government's preferred option? That would clearly form a part of the discussions on the international regime that we need after 2012, which must involve the World Trade Organisation, but we need a clear position.

I suspect that that might be another example of the Government not thinking things through. If it is, it pales into insignificance beside the worst example of the Government's left hand not knowing what their right hand is doing—aviation. Transport is the only sector of the economy in which emissions seem set to keep rising, and aviation is by far the worst offender per mile. It has more than doubled its emissions since 1990. Richard Branson is earnestly and sincerely seeking a sustainable biofuel for use in aeroplanes, but even he is not holding his breath. In the absence of some miracle "get out of jail free" card, we have to contain the growth in aviation. The fact that the Government support a third runway at Heathrow and are set to allow 60,000 more flights a year on the existing runways undermines their credibility on climate change. Serge Lourie, leader of Richmond upon Thames council and spokesman for the 2M group, which represents some 2 million London residents, has said:

"The Government is claiming that this will be a public consultation but it has already made up its mind that Heathrow capacity will almost double."

He went on to say that that would be "devastating". In terms of carbon emissions, he is quite right.

Excuses are already being made for the expansion of Heathrow. I was sad to read the editorial in *The Times* today that said that opponents of the third runway were

"wildly exaggerating the likely impact."

It went on to say:

"Nor can the argument about climate change be harnessed to any anti-Heathrow campaign without also being applied to all airports across Europe."

Let me make it clear: I oppose extra runways at Heathrow, Schiphol, Charles de Gaulle and Frankfurt. This has to be a global and European campaign.

Mr. Evans: Will the hon. Gentleman elaborate on his party's policy? He has no say over Charles de Gaulle, Schiphol and Frankfurt, which have all expanded and compete with Heathrow. If he is going to contain the number of flights, at what yearly level will he do so? How many people would be able to fly in any given year? Who will he tell that they can no longer fly?

Martin Horwood: Restricting carbon emissions from aviation is not the same as restricting the number of people who fly. If we were to have an efficient regime whereby more people flew in full flights, and if we were to shift taxation on to flights rather than people, we could achieve both those things. Of course, we need to work at a European level. I want the Minister to confirm that he is working with colleagues across the EU to consider restricting aviation's growth rather than its massive expansion.

Lynne Jones (Birmingham, Selly Oak) (Lab): Does the hon. Gentleman agree that there is great potential for switching from planes to trains for domestic and European journeys? We should encourage movement in that direction.

Martin Horwood: I absolutely agree. The example of Eurostar, which has reduced the number of cross-channel flights, is relevant. It is important that we have a joined-up transport strategy. For example, if we supported the high-speed rail link to Scotland, we could cut domestic flights. We could then encourage an international rail network, which would cut the use of aviation.

The Government have done well to champion the cause of climate change internationally and to introduce a Climate Change Bill at last. However, DEFRA needs to stop congratulating itself so much and to start working with other Ministers to ensure that all of Government works just as hard to tackle climate change.

1.56 pm

Mr. David Kidney (Stafford) (Lab): In my brief speech, I want to focus on a single point: the skills needs demanded of our society by policies such as those that we are debating. My starting point is the Prime Minister's speech to WWF on Monday. He gave resounding answers to some of the important questions. First, he does get it. Contrary to what the hon. Member for Bexhill and Battle (Gregory Barker) said, the whispering campaign that suggested that the Prime Minister does not understand the urgency of climate change was completely and emphatically denied by that speech on Monday.

Gregory Barker: If the Prime Minister understands the urgency, why did he wait five months to make a speech?

Mr. Kidney: That is a poor point. The Prime Minister runs the country and determines every aspect of our life. He made many decisions on climate change before he made his speech last Monday.

Let me get on with the serious issues under consideration. The Prime Minister's second answer was that our global leadership on the matter will continue. His third answer, which followed another whispering campaign, was that we will play our full part in meeting the targets set by the EU spring Council. We should remember the ambition of the three targets of 20 per cent. by the spring Council—20 per cent. increased energy efficiency, 20 per cent. of total energy from renewable energy sources and a 20 per cent. cut in carbon emissions, all of which are to be achieved by 2020. If we link those targets to our Climate Change Bill and the legally binding target to cut carbon emissions, we can see what a huge challenge we face.

The Prime Minister has talked about "a fourth technological revolution." What kind of technologies are we talking about? What will change in our lives because of those changes? We will demand greater efficiencies in existing processes. We will need technologies that allow different processes, particularly ones that do away with carbon, so we can expect a great expansion in renewable energy industries. We will need to manage raw materials more efficiently and to make meaningful use of the imperative "reduce, reuse and recycle" at every turn. We will need to manage finite natural resources, including water, more efficiently.

In order to reach the low-carbon global economy that we need, we will all have to embrace sustainable development in every aspect of our lives—in our home lives, our working lives and our travel arrangements. That massive change allows us to predict a massive expansion of new sustainable development technologies that will start immediately. However, if we do nothing about it the constraint will be that the skills will not be available.

Schott UK in my constituency, a company that sells solar technologies, finds that the greatest restriction on its ability to improve its sales is to get people who can install solar panels at businesses and homes.

Mr. David Drew (Stroud) (Lab/Co-op): My hon. Friend is making an excellent speech, with which I agree. He makes an important point—I have tried to get renewable energy training courses set up in my local college, but there is a marked reluctance and lack of money, which must be overcome. Is it not time that we examined the matter in the context of further and higher education?

Mr. Kidney: My hon. Friend anticipates the direction in which I am heading and I hope to give him some solutions shortly.

Let us consider some of the skills that will be needed for invention, design, manufacture, installation, financing and sales, and repairs and maintenance. In a few years, a much larger proportion of our work force will need such skills. Let us remember the drivers for putting those technologies in place. In the Prime Minister's speech on Monday, he referred to the Climate Change Bill setting five-year budgets for three Budget periods at a time—a 15-year period of assurance for those who make the decisions to invest in the right technologies. The energy Bill will reform the renewables obligation to introduce new technologies, including—in the jargon of the consultation on the renewables obligation—the emerging technologies. The Planning Bill will speed up infrastructure projects and the Housing and Regeneration Bill will pave the way for 3 million new homes. Let us not forget the Olympics. The drivers for the big surge in skills demand are already in place, and the Prime Minister understands that.

Gregory Barker: Why has the renewables obligation, which has existed for nearly eight years, failed to bring forward the new technologies, despite the hundreds of millions of pounds that have been taken from consumers? Does the hon. Gentleman believe that the system of feed-in tariffs in Germany has been more successful? I believe that it evidently has.

Mr. Kidney: The hon. Gentleman invites me down a side route. I shall try to reply to his question briefly. Much of the answer lies in our country's history compared with that of Germany. We have taken the renewables obligation route rather than that of the feed-in tariff ever since the non-fossil fuel obligation. We should reconsider feed-in tariffs, especially with smart meters and microgeneration, to ensure that we get much more decentralised power in this country. I believe that the renewables obligation is a reasonable mechanism. The hon. Gentleman asked why it has failed. I believe that the reason is an inefficient planning system—200 or so

[Mr. Kidney]

wind farms are currently stuck in the planning system. There are other obstacles such as connecting systems to the national grid. We must remove them as soon as possible.

In the Prime Minister's speech on Monday, he recognised the need for skills and spoke about the "train to gain" programme and the need to expand the number of apprenticeship places in this country. He also called for a national skills academy for environmental industries. He reminded us that, even today, the environmental industries in this country are worth £25 billion to our economy and employ 400,000 people. The Prime Minister and I perceive the export opportunities for British technologies in that.

The solution to fulfilling the skills need—my hon. Friend the Member for Stroud (Mr. Drew) will pay especial attention now—is a network throughout the country of sustainable development technologies centres. We need places where we can see the technologies that we are discussing. Members of the public and business representatives could visit them to see what the future holds, and students and children would go there as part of the sustainable development component of their education. Members of the work force would visit those places to acquire the skills that they need—that is crucial.

I am not making some hypothetical suggestion to the Minister; realising such a proposal is in our grasp. I am one of the promoters of the first such centre, which is at the Rodbaston college of further education near Penkridge in my constituency. We have money from the Learning and Skills Council and the regional development agency to conduct a feasibility study to show that the crucial demand for skills means that the proposal stacks up financially.

I anticipate colleges, universities, manufacturers, RDAs and local councils throughout the country wanting centres that provide such a range of services. I would like people to have the bricks and mortar and the technologies before their eyes to see that the technologies work and can be implemented now in this country, and to have hands-on opportunities to train for skills that are needed to operate those technologies. That should happen as soon as possible.

Mr. Jack: I agree with the hon. Gentleman. However, does he agree that we must get the economics right? We are inviting the citizen to invest between £4,000 and £10,000 in the technologies that he describes. Unless we get the economics right, the services that he advocates will not follow.

Mr. Kidney: Yes. When I answered the question by the hon. Member for Bexhill and Battle about the renewables obligation, I said that there was a range of obstacles. I emphasise that there is no silver bullet to solve the problem, but I am considering a specific bottleneck that will occur. We do not have the skills in place to make the expansion happen. That is important, but only one of many aspects that the Government must tackle immediately.

I want to name the centres that I described SEE-change centres. "SEE" represents the three limbs of sustainability—social, environmental and economic. It also suggests visibility. People could visit the centres and "see" the change that is necessary. The name also sounds like "sea change"—the massive change in pace and the direction that we need in this country. I hope that the Minister will wind up by saying, "Kidney's got the right answer. I shall back his centre at Rodbaston with every ounce of my ability. I hope that he is successful in his constituency and that we achieve success throughout the country in developing the skills training facilities that we desperately need right now."

2.5 pm

Mr. John Gummer (Suffolk, Coastal) (Con): I hope that the Minister acknowledges that I am the first to congratulate the Government when they are doing the right thing and that I press them because we have a common desire to win the battles that we are considering. When I was Secretary of State for the Environment, I would have benefited from a similar approach from Labour Members. If they had been tougher and had a more advanced programme, I could have got more out of my Cabinet colleagues because they would have pressed me hard. I do not, therefore, want to let the Minister down when I press him.

Although I welcome the Prime Minister's apparent acceptance of a target higher than 60 per cent. by 2050, it is pretty easy for politicians to set targets for dates long after they are active. We need targets for now and we need to be kept to them. That is as important for Oppositions as it is for Governments. Annual targets are important because they keep us under control. If we have annual targets, we cannot complain that the Government are doing something unpopular without presenting a sensible alternative. Annual targets are good for keeping Oppositions up to the mark. However, they are crucial for Governments.

That is why the organisation of the committee that will consider climate change is also crucial. It should begin its work immediately, be independent and have the majority of its members appointed by the Royal Society, not the Government. The chairman should be appointed according to the clear proposition that we presented in the all-party early-day motion about the qualities that are necessary for that post if the Committee is not to be perceived as the Government's patsy. Genuine steps can be taken now.

The Government must take practical and direct steps. It does not help when some of their supporters talk about whispering campaigns. Going back on our commitments in the European Union was not a whispering campaign, but a campaign by the Department for Business, Enterprise and Regulatory Reform, led by Sir Digby Jones. He should never have been taken into Government, because his record on environmental matters is appalling. To choose him as an example of business was a peculiar step.

It is worrying that the Government do not take seriously the problems as they arise. I have genuine sympathy with the hon. Member for Cheltenham (Martin Horwood). Of course, the Liberal Democrats need to adopt our view of getting an independent organisation to consider the figure. That would enable them to settle their problems. Some say that we should have a zero carbon figure and others say that it should be 80 per cent.

Martin Horwood: Will the right hon. Gentleman give way?

Mr. Gummer: I will, because I tempted the hon. Gentleman.

Martin Horwood: I have enormous respect for the right hon. Gentleman's recent work for the Conservative party and his work when he was in government.

Let me clarify the Liberal Democrat position. If we were in government, we would aim for 100 per cent. net reductions by 2050. However, we accept that that is not widely supported in this place and we therefore campaign with Friends of the Earth for a reduction of at least 80 per cent.

Mr. Gummer: So as usual, when it comes to the crunch, the Liberal Democrats do not stick by their beliefs. That is a typical Liberal situation—"If you don't like these policies, we've got some more." If God had been a Liberal, we would have had the 10 suggestions. That is the nature of the Liberal Democrats, so I shall not take from their campaign.

Martin Horwood: Will the right hon. Gentleman give way?

Mr. Gummer: No; I have got another thing to say that will annoy the hon. Gentleman even more. I remember what the Liberal Democrats did on taxation on domestic fuel. They were in favour of it until there was a by-election, when they stopped being in favour of it in order to win the by-election. *[Interruption.]* I shall not give way, and I had better continue, as you were clear about that, Mr. Deputy Speaker.

Let me deal with aviation. Someone who flies at the back of the plane from London to Sydney and back again uses as much carbon as someone who uses 700,000 plastic bags. But tackling plastic bags is an easy thing to do; dealing with aviation is difficult. So I bothered to get hold of the Government's document on aviation, which the Secretary of State for Transport quite unaccountably and unacceptably did not come to present in the House. Let us look at this document. It has a covering note, which does not talk about climate change until right at the end, even though the document is about aviation. However, the covering note just says that there will be another document about climate change called "UK Air Passenger Demand and CO_2 Forecasts". All that is given is a list of details about the figures, with no comments about what we are going to do about them. Indeed, interestingly, there is a comment about National Air Traffic Services, but no discussion of the fact that we could reduce our emissions from air transport by 11 per cent. if we simply had a single version of NATS across the European Union, instead of being divided up as we are now. That is a simple measure that the Government do not even propose in their document.

The introduction of the document, which one would have thought would refer to the real issue of climate change, does not refer to it at all. The Minister talks about the loudest possible wake-up call, but it has not woken up the Secretary of State for Transport or anyone in her Department. Then we open the pages and we read the Government's words:

"Our approach is entirely consistent with the Stern Review...and the Eddington Transport Study".

which dealt with aviation and was by the man who ran British Airways. However, the one word that is not in the document is urgency; indeed, there is no urgency in it at all. It talks about the European trading system without mentioning any of the problems that everybody else recognises must be solved before the system can deal with aviation. One would think from the document that the problems had all been solved so easily.

Then one reads, on page after page, every kind of argument, but no promise from the Government that they will pioneer, at the European level, the stopping of new runway building throughout the European Union. The document does not mention that; it just says, "There're more elsewhere, so we've got to have one." The document does not mention that nearly one quarter of the flights out of London's airports go to places that are easily reached in the same time by train. For example, what are we going to do about the 30-odd flights a day to Manchester? There is no reason to have those. There is nothing about those in the document, nor is there anything about reversing the slot pricing, so that people pay more for short-haul flights and less for long-haul flights. There are none of those creative systems that one might put forward.

Mr. Evans: My right hon. Friend will know that half the people on the flights from Manchester to London are in transit, travelling to other destinations. Asking them to catch trains from Manchester to London and then to work their way through London to get to Heathrow or Gatwick is unreasonable.

Mr. Gummer: It is more unreasonable for their children and grandchildren to be under water. My hon. Friend does believe in the urgency of the situation, but I am afraid that we must face it much more toughly than that. Anyway, if that issue really matters, what about a transport policy that would enable people to go by train from Manchester to Heathrow? What about a transport policy that was properly tied up? What about a transport policy that recognised that we want to get people from Scotland to London fast enough for them not to want to fly in an aeroplane? What we have got is a transport policy that accepts the nonsense of Eddington that we do not need high-speed rail. That in itself makes the Eddington report totally unbelievable in the international context.

The truth is that the Government's document is an outrage, because in effect it says, "We don't really feel we need to do the big things". Of course my hon. Friend is right: it is very difficult to do them. Indeed, we might have to do all kinds of things that are uncomfortable, but we should at least face up to the situation. At least let us say, "We've decided in this area we're not going to do it, because we're going to do it somewhere else." I say this to the Government: do not slide out a document but then not come here so that we can ask these questions directly of the Transport Minister. Do not produce a document that is 10 years out of date in its approach, that ignores Stern and that does not back up what the Prime Minister has already said to us. That is the problem with everything else that the Government are doing. That is why I want to press the Minister who is here today, because I am a great supporter of his. I believe that he is tough enough to fight for these issues.

[Mr. Gummer]

Can we have feed-in tariffs without any more nonsense? That is what we need. Can they be tied up by the immediate introduction of the Bill already in Parliament—the Liberal Democrats' Bill, with all-party support—that would enable smart metering? If we did that over the next eight years, we could make a huge difference. Those policies can be delivered only through the European Union, so can we also show that we have a positive policy in the EU? That is the only area big enough to make the world different. However, we will not be able to do that if the Government do not even say in their document on aviation that they are seeking to ensure that there is no increase in runways throughout Europe. Unless they promise to do that, everything else that they say is hollow. That is why I say to the Minister: this is too urgent an issue to allow anybody to do anything without thinking about the climate change results. Why did the Government say that they would close 2,500 post offices without telling us what the climate—

Mr. Deputy Speaker: Order.

2.16 pm

Ms Celia Barlow (Hove) (Lab): I welcome this timely debate, particularly as I had the honour of serving on the Joint Committee on the draft Climate Change Bill, which is further proof of the Government's unswerving commitment to the global challenge.

Britain continues to lead the way, with innovative policies and proposals, which will lead to a measurable change in our lifestyles. The green homes service outlined in the Prime Minister's speech to the WWF will be the first nationwide, dedicated service advising people on a wide range of green issues. There is undoubtedly a desire on the part of the consumer to act more responsibly with regard to their individual carbon footprint. People wish to reduce their carbon footprint, but all too often they are not given the tools with which to measure their energy output accurately.

Mr. Jack: I wonder whether the hon. Lady could tell me what her carbon footprint is.

Ms Barlow: My exact carbon footprint for this year is being calculated. However, I bought a hybrid car recently, which has not only reduced my carbon footprint but changed my driving behaviour, because I am constantly aware of how much energy it takes when, for example, driving up a hill.

My right hon. Friend the Prime Minister has spoken about the need for people to monitor their energy output easily—indeed, I have just spoken of a way in which it was made easier for me to monitor my energy output. Given the technology that we now possess, it seems archaic that the vast majority of energy consumers still operate through a metering system, which merely estimates a household's energy consumption. It is impossible through that method of billing for the individual consumer or household accurately to measure their energy output on a month-by-month basis, let alone do so day by day or hour by hour.

I should like to mention my constituent Derek Lickorish. Formerly the chief operations officer for EDF Energy in Hove, he has also been an advocate of smart metering systems for an amazing 25 years. Mr. Lickorish has seen both the benefits and the obstacles that need to be overcome before such a system for household energy management could be installed in every home. Currently, some energy companies offer consumers the choice of installing smart meters in their homes. Although some companies have agreed to sign up to such a scheme, others have not, which means that should a household change energy supplier, the smart meter would be removed. Smart meters are also currently quite expensive.

Colin Challen: Does my hon. Friend agree with the proposal that in the meantime, before smart metering is introduced, it would be right to insist that electricity supply companies provide their customers with electricity display devices? They have already demonstrated that energy consumption is reduced if consumers can simply see how much it costs them.

Ms Barlow: I shall get on to a related point about smart boxes in a moment.

In order for a smart metering system to be truly effective, it would require the co-operation of all the energy suppliers in the UK. One way to circumvent that problem would be to introduce smart boxes into our homes. They would enable an individual to trace every single light that was switched on in their house, and to measure the resulting carbon cost. For the first time, the consumer would be able to make a real, measured assessment of their household energy consumption. This is one possible alternative to smart meters.

Many of our leading media and internet providers have already considered introducing smart boxes that could be linked to the internet to provide solid data on our energy consumption. That would make the measuring of such data much easier. If, however, we were to opt for smart metering, the organisation required would present one of the industry's biggest challenges. The energy suppliers' trade association has prepared a smart metering operational framework. However, it represents only the suppliers view. A new organisation consisting of suppliers, distribution network operators, the national grid, Ofgem and, of course, the Government would have to be set up. The involvement of communications experts and providers would also be important.

Legal competition issues are judged by the Department for Business, Enterprise and Regulatory Reform and by Ofgem to be preventing the creation of an understanding of a reliable and cost-effective two-way communication system from authorised parties to the metering device and from the metering device to other components of the system.

Martin Horwood: Another measure that would transform the domestic energy sector that we fully support is feed-in tariffs. Does the hon. Lady support them?

Ms Barlow: That is a very interesting idea. However, smart meters would be needed for that.

Mr. Kidney: She says that it is a good idea.

Ms Barlow: It is a good idea.

If the issues to which I have just referred can be resolved, we could, for the first time, open the way for householders to have good information on which to

make decisions and potentially reduce their consumption, thereby helping to meet the Government's aspirations for carbon reduction.

I agreed wholeheartedly with my right hon. Friend the Prime Minister who said in his recent speech on climate change that aspiration presents a wonderful opportunity for our nation and, more importantly, for our economy. Too often, the debate on climate change revolves around what we will need to give up in order to meet our targets. This has often led the discussion down a very negative route—not least today—and that is counter-productive to achieving our goals. I am greatly encouraged by the Prime Minister's commitment to look again at the 60 per cent. target with a view to raising it to 80 per cent, which I would support.

For many, the arguments surrounding climate change are nothing more than an abstract concept with little or no bearing on their day-to-day lives. Others, however, have a genuine awareness and a willingness to modify their energy output, but the tools to enable them to do so are not always there. That is why I believe that the introduction of smart meters or smart boxes would be a major step forward in reducing our individual carbon footprints. By empowering the individual, we also create a sense of collective responsibility.

It is in our nature constantly to strive to move forward and to innovate in order to reach the next level of our technological evolution. Now is the time for the Government to highlight what we as a nation, and as a planet, can gain from meeting the challenge of carbon reduction. A recent poll carried out by the BBC of 22,000 people in 21 countries found that 70 per cent. of them were prepared to change their lifestyle because of climate change. The Government need to do everything within their power to enable them to do so. We are the first country to devise a scheme for quantifying our carbon footprint. Let us now continue to lead the way by introducing a scheme that, in conjunction with the proposals already set out in the Queen's Speech and by the Prime Minister on Monday, will enable us all to measure our household energy consumption on a minute-by-minute basis. Only by measuring where we are will we know how far we have come and how far we have yet to go.

2.24 pm

Mr. Michael Jack (Fylde) (Con): As this debate reveals, there is no shortage of technology and ideas for dealing with climate change. Stern and the United Nations have recently counselled us, and we are aware of the scope and scale of the project, but as a number of Environment, Food and Rural Affairs Committee reports have shown, and as my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) said in his powerful speech, there is a dearth of urgency to get on and achieve this result.

Mr. Kidney: Does the right hon. Gentleman therefore condemn the Conservative-controlled councils around the country that are holding up the establishment of wind farms?

Mr. Jack: I do not think that is what I had in mind. I applaud the fact that the Government are trying to make it easier for some of the new technologies to be adopted. Obviously we have to look at individual issues and individual circumstances, but we must remain committed to the widespread application of renewable energy.

One of the issues that has come to the attention of the Select Committee as it has examined this question is the complexity and the number of Government Departments involved. I suggest to the Minister that, if the United Kingdom wants further to strengthen its leading position on climate change in international forums, the time has now come to have one Minister responsible for climate change who should have Cabinet status. I have made a list of the Departments involved in this issue: the Department for Business, Enterprise and Regulatory Reform, the Department for Transport, the Department for Environment, Food and Rural Affairs, the Treasury, the Department for Communities and Local Government and the Foreign Office. We shall shortly also have the office for climate change and the climate change committee. All of those, and other Departments as well, will have a finger in the pie. However, as my right hon. Friend pointed out, we often find the Government going off in different directions on issues such as transport. There is therefore a real need for a single person reporting to Cabinet with that responsibility.

Martin Horwood: The right hon. Gentleman mentions different directions, but does he acknowledge that some interesting different directions have been taken by the Conservatives today on aviation policy? Does he agree with the right hon. Member for Suffolk, Coastal (Mr. Gummer) and me that we need to try to constrain the growth of aviation across Europe?

Mr. Jack: I agree with the hon. Gentleman that we need to tackle the issue of aviation emissions, although we might have differences of opinion on the way in which it should be done. The Select Committee's reports have advocated the development of an aviation biofuel. I am also aware of the Royal Aeronautical Society's initiative known as Green by Design, which contains some very interesting ideas on other ways in which aviation emissions could be dealt with.

Mr. Nick Hurd (Ruislip-Northwood) (Con): Does my right hon. Friend understand why my constituents in the borough of Hillingdon should feel utterly perplexed, having first heard from the Government that climate change is the greatest challenge of all time, and now having seen the green light being given to the fastest growing source of emissions through the expansion of Heathrow airport, which will undermine their quality of life?

Mr. Jack: Speaking as a Member who represents the north-west of England, I am aware that Manchester airport has offered a lifeline by pointing out that more services could go from there to utilise the additional capacity of its second runway, thus helping to address the issue, while not ducking the question of aviation emissions.

Aviation gets the panning, but what about emissions from the maritime sector? I wish people would spend as much time focusing on what comes out of the funnels of all the dirty ships in the world as they spend examining what comes out of the tailpipes of aircraft.

[Mr. Jack]

Ships are, if anything, greater emitters, yet they sneak around and do not get the whip from those who wish to see transport play a greater part in reducing our emissions.

Having advocated the appointment of a single Cabinet Minister to be in charge of climate change, I wish that DEFRA would be more candid about the multiplicity of targets that we have to hit in the United Kingdom. The Select Committee strongly supported the Climate Change Bill, but we must recognise that we are already running behind time in regard to meeting the target of a 60 per cent. reduction in emissions, never mind the stronger 80 per cent. target that the Committee has advocated. The Minister should think about communicating to the country the reason why we are behind time in that way, and what our citizens, our companies and our Government need to do to play catch-up and get us back on track.

I was disappointed by the Government's reply to our report. They would not agree to provide some form of trajectory to enable people to measure progress towards the intermediate and final targets. That might involve a move away from absolute targeting on an annual basis, but we need to be able to track progress. The arguments put forward in the Government's reply were, to say the least, very thin indeed.

Today's debate has been occasioned by the Bali conference and the latest findings of the United Nations, but the one thing that the Minister did not tell us was what is being done internationally to try to ensure that the United States comes on board once and for all and publicly. It is all very well for us in the House of Commons to come up with comforting ideas on what we can do domestically and in Europe, where there is commitment to dealing with climate change, but there is no point in our doing so if the world's biggest polluter is not publicly on board. I applaud the efforts of various Senators and the state of California, and the market for emissions in the north-east of the United States, but unless the United States Government are convinced and committed, now and in the future, no amount of good international discussion will move the world forward and enable it to deal with this global phenomenon.

The United Nations and Stern have spelled out the international consequences of inactivity, and against such a powerful scientific background I find it profoundly worrying that we have no consensus. I cannot believe that there are not individuals in China, India and the other countries that have not signed up to Kyoto who are worried, as we are, about the international consequences of inactivity. That is why having a single powerful individual in our Government to deal with the matter might increase our ability to influence the international stage if Bali is to be a success.

In our report "Climate change: 'the citizen's agenda'", the Select Committee set considerable store by local action. One of the things that worries me even about the Prime Minister's latest initiative on access to information, which I welcome, is the fact that we are still in top-down mode. We put information up and hope that it will flutter down and that the citizen will pick it up and do something. In my constituency, I am working hard with many partners—the regional development agency, the Environment Agency, local authorities, local businesses and schools—to make ours the most energy-efficient borough in the country. However our initiative, known as FLoWE—Fylde Low Waste and Energy—is finding it hard work. The local authority does not have the budget or the resources to implement homespun but none the less committed action on climate change.

Our Committee went down to Woking to see the market leader in locally based activity. Its combined heat and power scheme makes one wonder why it is so difficult for the Wokings of the world to have their way. I ask the Minister please to consider carefully what could be done to stimulate more bottom-up activity in this country—to make it more possible for local authorities to become involved in the commerce of climate change, and to let the citizen play an informed part in meeting the challenge of putting the country back on track in terms of its targets.

2.32 pm

Mr. Woolas: I thank Members for their contributions, which demonstrated that we made the right decision in providing opportunities for topical debates. Let me begin with the last of those contributions. I think it important that the Chairman of our Select Committee—especially as he is a Conservative—said what he did about the policy of the United States of America. I thank him for and congratulate him on those remarks.

My hon. Friend the Member for Hove (Ms Barlow) made an important speech about smart metering, which was mentioned by others as well. It is important for us to roll out smart metering. The Government are currently analysing responses to consultation, and we will make announcements soon; but clearly, as has been pointed out, the ability to measure in itself affects behaviour, and may be relevant to some of the other steps that we have discussed.

My hon. Friend the Member for Morley and Rothwell (Colin Challen) welcomed the principles espoused by the United Kingdom as we move towards the Bali process. He commented on the importance of the World Bank mechanism, correctly identifying that as our policy, and warned us not to rely exclusively on the role of markets. He is right to acknowledge the importance of other mechanisms.

I remind the House that our international action is not just the "rhetoric" of which the hon. Member for Bexhill and Battle (Gregory Barker) accused us. I do not think that $1.5 billion is rhetoric. We have established our international environment transformation fund, and in many countries around the world we are already engaged in real on-the-ground projects.

My hon. Friend the Member for Stafford (Mr. Kidney) made a powerful call in respect of skills needs. I believe we should replicate across the country the example that he is setting in his constituency, including the mechanisms that operate in various colleges and institutions. We need to talk to colleagues in Whitehall about this, but my hon. Friend is right to say that the policy must become real in terms of increased jobs and opportunities.

The hon. Member for Cheltenham (Martin Horwood) welcomed some of our policies, but said that we had "faffed around". I do not think the Committee chaired by the right hon. Member for Fylde (Mr. Jack) has been faffing around; I think it has engaged in good consultation, and we have listened to some of it. The hon. Gentleman

praised St. Pancras. The reason why there are fewer flights from Manchester is that there are faster trains to Euston, and I think that the same is true of flights from Paris to London. I do not accept the point about my constituents not being able to fly; they have as much right to fly as everyone else.

The right hon. Member for Fylde knows that I acknowledge his expertise and commitment. The central point is that we must change the way in which we do things. Our message to our people is not that they must stop doing things; it is a question of the type of fuel that we use, the type of vehicle that we use and the mix of transport that we use. We believe that action works only in the context of two things: a carbon market so that emissions can be traded—

It being one and a half hours after the commencement of proceedings, the motion lapsed, without Question put, pursuant to Temporary Standing Order (Topical debates).

Orders of the Day

Sale of Student Loans Bill

Order for Second Reading read.

2.37 pm

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): I beg to move, That the Bill be now read a Second time.

The Bill concerns the prudent management of one of the Government's public assets, the student loan book. Before I deal with its provisions, I will briefly explain the context and why the Bill is being introduced now.

The Government strongly believe that talent and hard work, not social background or where a person went to school, should determine success in life. We believe that no one should be held back from realising his or her potential at university because of fears of financial hardship. That is why we have been systematically breaking down the financial barriers to higher education.

First, we changed the nature of student loans, linking repayments directly to graduate earnings, and started collection through straightforward payroll deduction alongside income tax and national insurance once the graduate is in work and earning. Secondly, no home full-time undergraduate studying for their first degree has to pay tuition fees before they study, because there are now loans for fees. Thirdly, we have reintroduced non-repayable maintenance grants for students from low-income backgrounds, and last July my right hon. Friend the Secretary of State announced a significantly enhanced new financial support package for students, under which from next year two thirds of students will be eligible for non-repayable grants. In addition, we have ensured that universities are paying out non-repayable bursaries.

Fourthly, the package that we announced for next year offers a guarantee to those in receipt of the educational maintenance allowance that if they are receiving it at the age of 16, they will be guaranteed the amount of money they will get in student financial support when they go to university. We are also introducing for the first time the option of a loan repayment holiday of up to five years to allow flexibility and choice in repayment.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I am grateful to the Minister for giving way so soon. I did not realise that he was going to introduce the debate by outlining some of the measures to be taken. What arrangements will the Government make to give part-time students the same access to loans as full-time students, and also to extend that to both further education and adult students?

Bill Rammell: We are introducing the adult learning grants, which give for the first time an equivalent commitment to the education maintenance allowance. I am not in the business today of making future announcements, but I will say for the record that before this Government came to power there was no financial support whatever for part-time students. We were the first Government to institute a part-time student grant, and 18 months ago we increased that by 27 per cent. We also substantially increased the access to learning fund.

[Bill Rammell]

initially from £3 million to £12 million. There are further challenges for us to face up to, but we have a good track record on this issue.

Mr. David Chaytor (Bury, North) (Lab): I congratulate my hon. Friend on the package of measures introduced this summer, which have made a fundamental difference in the level of student support. My right hon. Friend the Secretary of State deserves great credit for taking this issue up so swiftly. Does my hon. Friend agree that although this will be of huge benefit to all Members' constituents, it is important to communicate the changes? What steps is my hon. Friend taking to ensure that students learn directly of the new package of measures, and also that tutors in schools and colleges are as well briefed as possible this autumn when students make their choices for next year's university entrance?

Bill Rammell: I can certainly give assurances on that. We have launched a major communication campaign to get across the facts about the new system, including through TV, radio and online advertising. We have also made available a DVD setting out the facts for advisers and students. It is available to Members of Parliament as well, if they wish to engage actively in this process and inform their constituents.

In terms of this substantially enhanced package, it is worth saying for the record that those who predicted that the introduction of variable fees would lead to a reduction in the number of people applying to university—and particularly in the number of those from poorer backgrounds—are being proved emphatically wrong. Entry to university this autumn by English students is 6 per cent. higher than last year, and a higher proportion are from poorer backgrounds.

There is now a developing consensus in the House. The Conservative party has shifted its position from opportunistic opposition to the Government stance, which we welcome; they now support our position. Even the Liberal Democrats appear to be moving. I have always said that people should judge politicians not by what they say, but by what they do, and in government in Scotland the Liberal Democrats supported a system of postgraduate repayment that is absolutely no different in principle from the system that we have in England. I understand that they are now reviewing their position for England, and one of their think-tanks has even advocated outright support for the Government's position. Therefore, I think we are creating a settled consensus.

Sarah Teather (Brent, East) (LD): The Minister has eventually goaded me to my feet. He knows full well that the changes in Scotland are not the same as those in England. The loan system there is not to pay for fees, so I think he should be careful in what he says.

Bill Rammell: All I will say to the hon. Lady is that exactly the same principle of postgraduate repayment applies in England and Scotland: the former student has to pay something back once they are in work and earning. That needs to be said for the record, because in the past we have often heard from the Liberal Democrats of their opposition to fees, whereas in reality they support that principle of postgraduate repayment.

The Government believe these reforms, alongside increased investment in higher education and the hard work of students and educators around the country, have helped increase participation in higher education to the highest ever level in this country. I am confident that it will rise further, and that is both socially and economically imperative.

We should be proud of our record of breaking down the financial barriers to education and widening participation, but that also brings an interesting challenge. As participation has grown, so too has the size of the Government-owned student loan book. According to the latest figures—those for the year 2006-07—the English loan book was valued at £18.1 billion. Of that, about £17 billion was accounted for by the new income-contingent loans repaid through Her Majesty's Revenue and Customs. We firmly expect that the loan book will increase appreciably in the coming years. That projected growth makes it all the more important to give careful consideration to how best we can handle this large and growing public asset. The Bill concerns how the student loan book can best be managed.

Mr. Willis: This is a rerun of the debate that took place in 1997. I am sure that the Minister will recall the first student loans portfolio Bill, and I shall ask him something that I asked then. Will he put on record, at the start of this debate, the discounted rate at which the loan will be able to be sold off? Will it be 10, 15, 20 or 25 per cent.? In other words, how much is the Treasury prepared to give away in order to get this loan portfolio off its balance sheet and on to somebody else's?

Bill Rammell: The previous sales demonstrated value for money. I shall not reveal a discount rate today, but I shall set out the value-for-money framework within which we will make those judgments. Were we to reveal the discount rate today, in what will be a competitive bidding process for people to purchase the debt, we would reveal our hand at the start of the process and fail to maximise the revenue to the public sector.

Mr. Willis *rose—*

Bill Rammell: I shall give way to the hon. Gentleman one last time, and then I must make some progress.

Mr. Willis: As always, the Minister is engaging with the debate, and I compliment him on that. Will he therefore give us the discount rate for the 1997 sale? That is a retrospective matter rather than one that deals with what is being planned for this sale.

Bill Rammell: I do not have that figure at my fingertips, but following this debate I shall happily write to the hon. Gentleman and set it out for the record.

Transferring ownership of large parts of the English loan book will allow us to reduce the risk of continuing to hold the loans on the Government's balance sheet, and is expected to realise an initial £6 billion in receipts over the next three years. Having commissioned expert external advice from the financial sector, we believe that we will be able to conduct sales at a price that represents good value for money for the taxpayer. I think that we can achieve that.

Mr. Tim Boswell (Daventry) (Con): The Minister related the sale to the Government's balance sheet. I am no technician in this matter, but am I right in saying that the extent of the student loan book is not netted against the public sector borrowing requirement, which is the conventional measure of changes in the public sector's balance sheet? Therefore, when account is taken of commitments such as the golden rule on economic management, what is being done today is not strictly relevant at all.

Bill Rammell: It is relevant. This mechanism has been supported by the Conservatives—indeed, the Leader of the Opposition supported it when we announced it in the previous Budget. Through this mechanism we are transferring risk from the public sector to the private sector, and in doing so, we are realising a capital receipt that can go back into the Consolidated Fund and used for other Government spending purposes. That is an important achievement.

I need to make one precise point clear at this stage. The Government will retain control of regulations, terms and conditions for all loans, and there will be no adverse change for borrowers, whether their loan is sold or retained.

Mr. Andrew Smith (Oxford, East) (Lab): I welcome the Minister's commitment on that point. He is right that we should be clear on this matter. Will he assure present and future students that nothing in the Bill or in this transfer could result in information being passed to financial or marketing companies, and that the private sector can count on no such gain in its estimate of what it is prepared to pay?

Bill Rammell: I am happy to confirm that to my right hon. Friend, who I know has a long-standing interest in student affairs and in advocating the students' case. For the record, purchasers will not be able to access any wider range of personal data or use personal data for any purpose other than administering student loans.

Mr. John Hayes (South Holland and The Deepings) (Con): On the last point, before the Minister moves on to another exciting aspect of the Bill, can he clarify whether the safeguards sought by the right hon. Member for Oxford, East (Mr. Smith) are in the Bill and will be part of the terms of sale—the contract—or whether they will be covered by some other parliamentary mechanism, such as guidance or a statutory instrument?

Bill Rammell: I refer the hon. Gentleman to clause 6(4), which clearly states that personal information can be disclosed and used only

"for purposes in connection with a transferred loan."

I might add that his definition of "exciting" clearly differs from mine.

The House will be aware that my right hon. Friend the Chancellor of the Exchequer made a statement on Tuesday on the breach of procedures that led to personal data relating to child benefit going missing from Her Majesty's Revenue and Customs. My right hon. Friend rightly stated that that was an extremely serious failure by HMRC in its responsibility to the public. He also stated that immediate steps had been and were being taken to prevent that from happening again.

The Government take the protection of personal data, in whatever form, extremely seriously, and student loan data are no exception. The provisions catering for the sharing of HMRC information in the Bill will strengthen the framework for legal protection of HMRC data in respect of all loans, whether sold or unsold. The Bill will extend an existing criminal sanction prohibiting the wrongful disclosure of HMRC information outside the terms of the legislative gateway.

Mr. Peter Bone (Wellingborough) (Con): Is the Minister saying that the Bill includes legal sanctions for the misuse of data?

Bill Rammell: As I said, we will extend the legal protection of HMRC data in respect of all loans, whether sold or unsold, and we will also extend an existing criminal sanction prohibiting the wrongful disclosure of HMRC information outside the terms of the legislative gateway. I am sure that hon. Members will wish to explore that point in Committee.

Mr. Boswell: I am grateful to the Minister for giving way again, but this is obviously a matter of great and current concern. Can he assure the House that in cases in which an official of HMRC or some other person has wrongly disclosed information, and an element of culpability in the management of that official has enabled the information to get out, the Government or the commissioners will—at least in principle—compensate individuals to the extent of their actual pecuniary loss for the leak of their personal information?

Bill Rammell: I need to be careful and precise about this, but the Chancellor set out those reassurances in his statement on Tuesday, and a review is taking place.

Following the statement on Tuesday, Lord Triesman, the Minister responsible for intellectual property, has asked the Student Loans Company to review its operations and data management processes. No breaches of data protection protocols have occurred in respect of student loan administration. Furthermore, we are certain that no data have gone missing in respect of student loan administration. HMRC has initiated a wide-ranging review of its security processes and procedures, and so naturally we are doing so for student loans, as are all other Departments for their data management processes.

HMRC has temporarily suspended its data-sharing operations with the SLC in respect of student loans while the measures described by the Chancellor are being put in place. However, repayments are continuing to be deducted from borrowers in the usual manner.

Mr. Hayes: I apologise to the Minister for these persistent interruptions and I am grateful for his tolerance, but these are sensitive and topical matters. He has given us an assurance that checks have been made on the situation: I welcome that and acknowledge his diligence. However, the issue is surely whether the protocols will be in place, unaltered and with the same level of protection, under the proposed arrangements. If he can give us that assurance, Members on both sides of the House will rest more easily.

Bill Rammell: The best, most effective protocols possible will apply to both Government owned debt and privately owned debt. There will be no distinction and no difference in the way in which these matters are treated between the public and the private sector.

[Bill Rammell]

The idea of selling student loans is not new. The Government have successfully sold tranches of student loans in the past. In 1998 and 1999 there were two sales of the old "mortgage-style" student loans for a total of around £2 billion. The Government believe that there will be an appetite for these assets in the marketplace in respect of the Bill, not only because of the previous sales, but because of the distinctive characteristics that make student loans an attractive purchase. The loans would provide an investor with access to a new instrument with unique characteristics, allowing them further to diversify their portfolio, and a sustained income over a long period from a group of borrowers who, when taken as a whole, are considered relatively low-risk. Those features make the student loans an attractive candidate for purchase by a wide range of potential investors.

All transactions will be subject to a rigorous assessment that we are achieving good value for money. In making that assessment, the Government will examine the prevailing market conditions and ensure that a competitive market for the loans has been generated. The Government will also provide the market with full information about the loan book in order that the assets can be efficiently valued. The Government will ensure that there has been a genuine transfer of risk from the public accounts to the private sector. The Government will assess the proceeds that look likely to be achieved in the transaction, using full and clear market information and a comparison with keeping the loans on their books, in terms of both likely income flows and levels of risk. As with the previous loan sales, the Government will draw on specialist advice from within Departments and from appropriate external sources. We will draw on NAO guidance in our approach to assessing value for money, and these judgments will of course rightly be subject to scrutiny by the NAO in due course.

Making a sound judgment about the timing and pricing of sales is particularly important given the recent turbulence in world credit and financial markets. It is not possible to predict the potential market conditions in the future, and the market conditions will naturally vary for different sales in a long-term programme, which is what we are talking about. Our intention is that portions of the loan book would be sold at regular intervals as part of an ongoing programme, and we will closely monitor the market so that sales can be made at the right time. Decisions will, rightly, always be informed by what provides the best value for money for the taxpayer.

The 1998 legislation, which enabled the previous sales, has been repealed, and so cannot be amended to enable sales of income-contingent loans. We are therefore introducing this Sale of Student Loans Bill, which will allow sales to take place while protecting the interests of all borrowers regardless of whether their loan is sold or retained. I give borrowers this reassurance: purchasers of loans will not be able to charge a different rate of interest; they will not be able to change the income threshold for repayments; and they will not be able to use a borrower's personal details for any purpose beyond that which is required for management of the loans.

Mr. Chaytor: On that final point, does the Minister mean that the purchaser of the loan will not be able to change the interest rate without the approval of the Government? Can he confirm that this will not in any way restrict a future Government's decisions over the appropriate interest rate?

Bill Rammell: That is correct, although I should state for the record that we have no plans to do so. Yes, that responsibility rightly rests with the Government.

Adam Afriyie (Windsor) (Con): Clearly, Northern Rock has got into serious financial difficulties recently, as we are all aware. If a purchaser of the loan book got into serious difficulty or undertook unacceptable practices, what safeguards are there that the Government would have any control over that situation?

Bill Rammell: We have detailed external advice that there is a secure market for this kind of transaction. I think we can go forward with confidence on that basis.

Several Members want to speak, so I shall move to a conclusion. Clause 1 allows the Government to sell some or all of our obligations relating to student loans, while retaining the power to require that purchasers administer the loans in a way that meets our requirements. Clause 2 gives the Secretary of State flexibility to include provisions in sales contracts to ensure that borrowers' interests are fully protected. That means that borrowers of sold loans will be entitled to the same process of mediation to which all borrowers currently have access, further underlining the Government's commitment to ensure that all borrowers are treated equally. The next two clauses extend that principle.

Clause 5 allows the Government to insist that the Student Loans Company continue to fulfil its current functions and remain the institution that will contact borrowers about their loans. That is important. Clause 7 explicitly confirms an existing understanding that all student loans are exempt from the terms of the Consumer Credit Act 1974 because their characteristics differ substantially from commercial loans. In Clause 8, the Bill provides powers for Welsh Ministers in respect of Wales, equivalent to those it proposes for the Secretary of State in relation to England.

Mr. Roger Williams (Brecon and Radnorshire) (LD): As I understand it, the powers given to Ministers in the Welsh Assembly are known as mirror powers, not the framework powers usually associated with legislation such as the Bill. Mirror powers are limiting and only allow Welsh Ministers to proceed in exactly the same way as Ministers in the UK. Has the Minister received any representations about changing the mirror powers to framework powers?

Bill Rammell: I have received no such representations.

In conclusion, when the House last considered student loans the matter was of some controversy. In contrast, this is a short and mainly technical enabling Bill, and I hope that its purpose will not be misunderstood. Its provisions have no relation to future decisions on broader student finance policy, and will have no impact on the manner in which students can obtain financial support for their time in higher education; rather, the Bill enables the Government to manage efficiently a large and growing asset, and on that basis I hope it will be supported.

I commend the Bill to the House.

3.2 pm

Mr. John Hayes (South Holland and The Deepings) (Con): I had not expected the Minister to begin his peroration with a short statement in general terms on access to higher education. As he did so, however, may I briefly say that the Conservative party and the Conservative education team in Parliament are dedicated to the principle of widening access to higher education by all means? In that regard, and to reflect the intervention of the hon. Member for Harrogate and Knaresborough (Mr. Willis), may I add that one of the best ways of widening access is to look at modes of learning as well as at other factors? Part-time learning, modular learning and distance learning have a vital role to play in the mission of widening access and participation. However, that might be a debate for another day, Mr. Deputy Speaker, so I shall address the matters before us.

We welcome the principle behind the Bill. As the Minister said, it transfers risks from the public to the private sector, but in a measured and careful way. Indeed, as the Minister and the House will know, at the last two general elections the Conservatives advocated similar plans, so it is ironic that the Minister suggests that we are imitating the Government—ironic that the Government's plan for the sale of student loans appears to be on loan from the Conservative party. However, when we announced our plans, we proposed that the money raised should be used to endow universities—a point to which I shall return.

The Bill is short and, seemingly, straightforward, but I want to bring a number of issues to the House's attention. They will no doubt be scrutinised in detail in Committee and when the Bill goes through its other stages before becoming law.

Mr. Willis: Does the hon. Gentleman not think it odd that the Minister's excellent presentation of the Bill missed out a key area—what will happen to the money? Does the hon. Gentleman feel, as I do, that as the Bill is a Department for Innovation, Universities and Skills matter and the money is collected from university students, at least some proportion of it should be guaranteed for the support of higher education? That may accord with his theme on endowments, although I would not necessarily agree with that specific policy.

Mr. Hayes: Far be it from me to make a spending commitment on behalf of the Opposition. I have been around too long to be seduced into going down a road that it would not be in my interests to travel, but I will return to the matter that he raises in general terms later during my, I hope, relatively short speech—at least, short by my standards.

According to the explanatory notes to the Bill, the intention is to enable

"a programme of sales of student loans, as announced in paragraph 6.42 of the 2007 Budget Report".

Indeed, the Minister made reference to that. Paragraph 6.42 states that the sale of part of the student loan book

"will raise around £6 billion by the end of 2010-11."

We have already discussed the turbulence in the financial markets. The Minister will appreciate that there are understandable concerns therefore about whether this is the best time to conduct such a sale. I suspect that he knows well that it is not, and I hope that he will comment on that when he responds to the debate.

The student loan book was valued at about £18.1 billion at the end of the 2006-07 financial year, but I have no doubt that the Minister will have estimated the face value of the book in 2007-08. He has already suggested that further projections have been made—indeed, "projections" was the word that he used. It would be useful in considering the Bill if the House were to have some feel for the nature of those projections. It is true that there are commercial sensitivities, but if we are to consider the Bill with the proper diligence that the House and the hon. Members currently represented here certainly would wish us to do, we should have some sense of the notional estimates that the Government have made and that their advisers have offered. Will the Minister therefore say a little more about those projections? The hon. Member for Harrogate and Knaresborough intervened on that subject when the Minister was on his feet.

I appreciate that it is not necessarily the Government's intention to conduct the sale at the moment, but there are good reasons to be concerned that a sale might be rushed and the taxpayer consequently short-changed. Figures released this week show that public sector borrowing stands at £24.2 billion in the financial year to date—the highest figure for the first seven months of the year since 1994-95, and £6.7 billion worse than last year.

Mr. Boswell: Before my hon. Friend leaves the point, will he remind the House that the former Chancellor of the Exchequer—now, of course, the Prime Minister—took it upon himself to sell off a large chunk of the Government's gold stock in extremely adverse conditions, far ahead of what was possibly appropriate?

Mr. Hayes: I am grateful to my hon. Friend for his advice. There is nothing worse when speaking from the Dispatch Box than for an altogether more sagacious colleague to intervene and anticipate the next few lines of one's speech, is there not? My hon. Friend, who is always one step ahead of me, has done just that, for I was going to point out—

Mr. Willis *rose*—

Mr. Hayes: An equally sagacious colleague is about to anticipate the next line but one of my speech.

Mr. Willis: I am trying to encourage the hon. Gentleman, when he gives the answer to the hon. Member for Daventry (Mr. Boswell), to include in his remarks what happened in September 1992, when a former Chancellor, Lord Lamont, lost £15 billion in a week.

Mr. Deputy Speaker (Sir Michael Lord): Order. I do not wish to interrupt the debate, but I encourage the hon. Member for South Holland and The Deepings (Mr. Hayes) not to go too far down either of those roads.

Mr. Hayes: Mischievous voices in the House are encouraging me to do things that you would not want me to do, Mr. Deputy Speaker. I will not allow them to have their way.

It is important for the Minister to assure the House that the sale of student loans will not be rushed to fill a hole in the public finances. It is true that we have had some experience of that kind. Our fears are legitimised

[Mr. Hayes]

by those sorry experiences—those of the kind mentioned by my hon. Friend the Member for Daventry (Mr. Boswell).

The Minister must also explain how the estimate of £6 billion has come about. With an estimated face value of £18.1 billion, what mechanisms were used to arrive at the estimated £6 billion, which is what the Government say is likely to be raised, for the sale of the loan book? What proportion of the asset do the Government estimate they will need to sell to raise £6 billion? What is the expected time scale for the sale of the loan book, and what are the notional volumes? The Minister said that the Government were likely to sell the loan book off in parts, but he gave us no feel for what estimate had been made of the timetable for that or the size of the parts. Again, one appreciates that there are commercial necessities in this regard, but the House deserves a little more information than we have had thus far.

As the right hon. Member for Oxford, East (Mr. Smith) suggested, it is also important that the House and the wider public are absolutely assured about any possible impact on students. The Minister has been helpful in that regard, both privately in briefings and today in the House. However, let us be frank: there will be fears and worries about this matter among existing students, potential students, families and so on. Anything that disincentivises people who have the capacity and potential to study at university or college needs to be countered. Those assurances will need to be made repeatedly during the passage of the Bill.

The explanatory notes state:

"No aspect of this Bill will create a material impact on borrowers, higher education institutions or employers."

As a result, no regulatory impact assessment has been prepared or published. However, clause 5(2), which covers repayments, states that

"regulations or arrangements may provide for…collection by a person acting on behalf of a loan purchaser".

Will the Minister clarify whether there is any intention to involve anyone else, besides the Student Loans Company, in the collection of repayments? If there is not, I am not entirely clear why that provision has been included.

It would also be useful if the Minister told the House whether any assessment had been made of the likely purchaser of the loans. He made it clear that there is a market. He has also told the House this afternoon that the Government have taken expert advice on the subject, as one would expect. I would also expect him to give the House some feel for the sort of organisation that might purchase the book. Where are those organisations located? Are they overseas companies, international companies or domestic organisations? What is their track record? Who is likely to be involved? He does not have to stray into the area of commercial sensitivities, which would jeopardise the sale, to give us some reassurance about how he thinks things might work out.

Mr. Boswell *rose—*

Mr. Hayes: I am happy to give way to my hon. Friend, who is doubtless about to anticipate my summation.

Mr. Boswell: I doubt that very much, but I am grateful to my hon. Friend for giving way. Does he think that there are legitimate concerns about the possibility of secondary, or indeed tertiary, sales to indeterminate groups of people? Drawing an analogy with the collateralised debt obligations, for example, there is a real possibility that, however much the Secretary of State wishes to protect students, control of the loan book will be lost to persons unknown and highly divergent from the ones to whom it was originally sold.

Mr. Hayes: My hon. Friend is right: the book is likely to be sold on. That is the nature of this kind of business. The absolute assurance that the House seeks is that nothing is likely to occur that will jeopardise the circumstances of students or institutions of higher education. It would be difficult for any Minister, of any party, to predict how the situation might pan out. The book could be sold on over a period of years. However, allowing for that difficulty, some feel for the sort of advice that the Government have been given, some understanding of the projections they have made, and some estimate of how they expect matters to be concluded, is the least the House deserves. The House will certainly want that, both today and during our further scrutiny of the Bill.

As the Minister will appreciate, another issue on which there is widespread public concern is data protection. We had a useful exchange on that earlier. Clause 6 extends previous legislation to allow data about borrowers that is held by Her Majesty's Revenue and Customs to be passed to loan purchasers, or potential purchasers. The Bill makes it clear that where information is shared with potential purchasers for the purpose of considering the purchase, details must be anonymised, but of course recent difficulties were about not theory, but practice. It may be necessary for the Minister to reflect on events and consider those details once again. I do not expect him to come up with an answer off the cuff today, but we might usefully consider the issue during the passage of the Bill.

In the light of recent events, I would not be surprised if we came to a conclusion that was agreeable to Members across the House to strengthen protection. That would be helpful to Government, to the House, and to people affected by the legislation. It is our intention to scrutinise closely that aspect of the Bill and, if necessary, to propose amendments, if we feel that data protection is not adequately dealt with in the measures before the House. I do not want to stray into further discussion on the loss, disclosed by the Chancellor, of the details of 25 million benefit recipients. We had a word about it earlier, and it is unfair to rub salt in the wounds; I would be the last person to do that. However, I know that the Minister will have heard the story with horror, knowing that he was coming before the House today to debate the issue before us. He will be very sensitive about it, so I expect him to offer the House and the public reassurance that he will tighten the provisions of the Bill, in the same spirit as that in which I offered to assist. We have a history of working together on legislation to best effect.

On the proceeds of the sale—a matter raised by the hon. Member for Harrogate and Knaresborough—there are no provisions in the Bill for the hypothecation of proceeds for reinvestment in higher education. We

can therefore assume that the receipts will swell the Consolidated Fund, as the Minister confirmed that in reply to an intervention. I am certain that he will today wish to pledge to the House that higher education will get its fair share of the windfall. He would not be sticking up for his brief and defending those over whom he has stewardship if he did not do that. I would like to hear him make that firm commitment before the end of today's proceedings.

I would like the Minister to speak in a little more detail, with full technical embellishments, about the position regarding Wales. He has a bit of a record—not a happy one, it has to be said—when it comes to dealing with legislation relating to Wales. Some of us remember the Further Education and Training Bill. It will worry him to hear that I have already received representations about the aspects of the Bill relating to Wales, on matters that were mentioned by the hon. Member for Brecon and Radnorshire (Mr. Williams). We need to be assured that those matters have been taken fully into account. Again, we will want to scrutinise that in some detail in Committee. As the Minister will recall, procedural concerns were raised with regard to the extension of powers to the Welsh Assembly when we discussed the Further Education and Training Act 2007; that was when we last faced each other in discussions on legislation.

This is the second time in the space of a few weeks that I have faced the Minister on an occasion when he has felt obliged to adopt Conservative ideas. The first occasion was when, in a damascene conversion, he accepted Conservative arguments about the Learning and Skills Council's intervention powers in further education colleges. Once again today, a Conservative idea is being embraced by the Minister. It is often suggested that imitation is the sincerest form of flattery, but as Adlai Stevenson once said, "Flattery is all right so long as you don't inhale".

3.20 pm

Mr. Austin Mitchell (Great Grimsby) (Lab): The Minister will not face much dissent and argument today. It is not as if the House is rising against him. It is clear that the Opposition spokesman, the hon. Member for South Holland and The Deepings (Mr. Hayes), who expressed his support for the Bill at some length, if I may say so—in fact, I would suggest to him that he record his speeches on a CD and pop them in the post—did not say that the Bill would be opposed. I wait with excitement to hear what the Liberal Democrat spokesperson, the hon. Member for Brent, East (Sarah Teather), will tell us, if she survives long enough to make a speech—I was coughing in sympathy at one stage.

The Bill is not contentious, but I have one or two criticisms that I shall put on the record. First, we are putting a lot of bundled debt, whether that is called collateralised debt obligations or structured investment vehicles, on to a market already saturated with such debt vehicles, which were the major cause of the problems that the markets began to face in August and are still facing. The market is choked up with bundled debt which is not immediately saleable. As soon as there is a credit squeeze or restriction, the Gadarene instinct of hedge fund managers to get out is impossible to realise. In the States, therefore, funds have closed down and there have been problems in this country with that debt.

The Government intend to put a massive dollop of debt—£18 billion—on to a market in such a state. It is not a good time to sell. The Minister said that he has had advice that it is saleable and will be well supported by the markets, but that reflects the self-interest of those who give the advice, who are mainly people connected with the markets, who want to see them expanded and used. I am worried on that account.

If the debt is sold on, there is no restriction in the Bill, as far as I can see, on the purchaser selling it on to someone else. Where will the student loan fund end up?

Adam Afriyie (Windsor) (Con): There is concern on that point and questions need to be answered. Financial debts are sold on the markets. Risks are sold on in markets. As it moves around the market, there is a possibility that the risk may end up within an institution that is underwritten or guaranteed by Government. It could have ended up on the books of Northern Rock, for example, in which case the taxpayer would be underwriting it. The hon. Gentleman raises an extremely important point.

Mr. Mitchell: I am grateful for the intervention. It is possible not only that the debt will end up in the assets of a fund or organisation supported by Government, but that it will end up in the assets of a fund that is on the verge of collapse. A Government permission should be necessary for the transfer of the debt once it gets on to the market, because we cannot be sure where it will end up.

Secondly, the measure is based purely on ideology and doctrine, according to which public debt is a bad thing and private debt is a marvellous thing. It is clear that financial markets object to public borrowing because they want the privatisation of all borrowing, as well as the privatisation of credit creation, which has happened to a large extent. There is no reason why the money should not stay on the public books. The only argument that the Government put is that it reduces the public sector borrowing requirement, but that effect is purely presentational. In the main, I would argue that public borrowing is good and private borrowing is often bad; the private debt situation has produced an enormous escalation of asset and house prices, while public debt and borrowing has produced investment and economic growth, and allowed the Government to steer the economy forward.

The equation of public with bad and private with good is nonsense. There is no reason, ideologically, for such a transfer; there is no reason to sell the asset books. All that does is pretty up the PSBR figures. There is no guarantee that the money coming in—the Minister mentioned £6 billion—will be used for education. The National Union of Students, and the universities, I think, say that the money should go to education. I agree, but it will not—it is just going to general Government funds.

My third point is that the private sector is not buying the debt out of sheer altruism or a love of supporting the student loans programme and getting more people into university. It is doing it for solid commercial reasons, and it will have to be paid. In the current state of the market, it will have to be paid substantially more to take up the debt than it would had the crisis of August onwards not happened. It has to be well paid for the risks.

[Mr. Austin Mitchell]

And there are risks. I remember that when I was a university teacher in New Zealand, there was something called the post-primary student bursary, which gave students who committed themselves to going into teaching a teacher's wage to go through university. That was a marvellous institution that encouraged people to go to university. However, when the students left university, they disappeared; many went to teach in England to relieve the crisis in education at that time—this was the '60s. People in raincoats from the education department used to knock on my door and ask whether I knew where student Fred Bloggs was. I knew that Fred Bloggs had gone overseas, but did I know his address? Where did his parents live? Such situations give rise to problems.

Two years ago, I purchased a fantastic palace in Grimsby and ever since I have been plagued with telephone calls from the Student Loans Company asking about the whereabouts of a girl whose name I shall not give. She was in receipt of a student loan and, apparently, absconded. I did not know the woman. She had never lived at the house; at least, nothing on the records of previous owners indicated her name. However, she had taken out a student loan and disappeared. Considerable expenditure will be necessary to trace such people and the private sector will want to be well rewarded. We may be getting money off the public books, but we will have to pay the private sector substantially to handle it.

In passing, I should like to put a query to the Minister. I see from the Directgov website that European students from both the European Union and the European economic area are eligible for student loans if they

"have been living within the EEA and Switzerland for the three years immediately before the start of the course".

The explanatory notes to the Bill discuss the recovery of

"student loans made to borrowers domiciled in England (and those studying in England but based overseas) at the time the loan was taken out."

If there are problems, overseas students will be difficult to trace, assuming that they have gone back to their EU country; Turkish, Swiss and Norwegian students are also going to be eligible. All that will impose an extra cost. How will that be financed? When it takes over the loan book, will the private sector toughen up on all that, and what kind of charges will it impose on the Government for providing the services to trace people?

Finally, I come to my main point, which relates to anxieties to which I am sure the Minister will respond. There is the issue of the terms of the student loans. We sensibly geared the interest rate to the retail price index as we do not want massive interest charges. That gearing has reduced the interest payable on loans throughout the long period of low inflation under this Government; indeed, it has reduced it substantially on the interest rates payable in the early 1990s under the Conservatives.

However, inflation has gone up, although not because of anything that students have done—it is all due to utility prices. The interest rate is now 4.8 per cent.—double last year's 2.4 per cent. I have had calls from parents in Grimsby warning me about this and saying that it will have a disastrous effect on their daughter's or son's finances. Assuming that a student loan averages £15,000, they will be paying £720 a year, or £60 a month, in interest before they even begin to pay off any of the debt. That will be a monstrous burden for people starting out in life; they will start life's race with a ball and chain on their foot. I hate to think of the prospect of a student who marries a student, with two student loans merged as a double burden on that household.

This burden is completely unacceptable, and it is likely to get bigger. It will put people off taking out student loans and be a burden on those with loans who are starting out in life and might want to take out a mortgage, buy furniture or a car, or want to contract other debt. We have a debt-burdened society, and we are asking students to start out in it with a big debt already trailing behind them. It is not recoverable under the tribunals and enforcement legislation that we passed in the summer. That will become a political problem for my Government.

The Minister said that it will be up to Government to vary the terms of student loans even after they have been privatised. I am glad to hear that, because they should wipe out the interest charges. I cite the precedent of the New Zealand Labour party, which promised in its 2005 election manifesto to write off interest on student loans, as it now has. The student gets a statement at the end of the year saying that a certain amount of interest is due, but it is written off and does not have to be paid. That was enormously effective and very necessary.

Mr. Willis: Surely, even as a good socialist, the hon. Gentleman is not arguing that students should be given significant amounts of money interest-free by the Treasury so that they can put it on the money market and receive interest. Surely he does not think, even in his wildest dreams, that that is a good idea.

Mr. Mitchell: I take that correction from a fellow socialist. Of course I do not envisage that students will put it on the money market; that is what the Government are doing, not what students will be doing. Students use the loan for living. In the previous generation before student loans existed, most students struggled with enormous overdrafts or credit card debts. I am saying that the burden of debt on students for educational purposes—the prime purpose of these loans is to pay the fees—should be written off, as long as they stay in this country. I do not want to extend it to people who leave this country and work elsewhere having used their degree to put themselves on an international market, as that would make the burden too heavy to bear.

Mr. Willis *rose—*

Mr. Mitchell: I am happy to give way to any more criticism from the left.

Mr. Willis: I am trying to help the hon. Gentleman in his hour of need. Clearly there is no point in loaning somebody something for no interest at all; one might as well give the money directly to the university and not charge the fees in the first place.

Mr. Mitchell: We could certainly do that. I hesitate, as a good West Riding man, to take help from Harrogate in any form—it is usually class-biased, in my view. Money could be paid to the university, but we are

talking about a debt incurred by the student, which they have to bear, and with which they should be helped. Ideally, they should all qualify for means-tested fees, as my generation did. The Government say that we cannot afford that, which is probably true. We cannot afford to finance with grants some 46 per cent. of the population going on to higher education. Only 4 per cent. of my generation did, and we all got grants. I had lots of doubts about kicking away that ladder, but having kicked it away, we have to try to help the students.

Does the hon. Gentleman think that a burden of 4.8 per cent. is acceptable for students to carry? I do not know. I would be interested to hear the views of the Liberal Democrats on that. It is too high and too heavy. Something should be done about it, and I hope that the Government will. I am sorry for the diversion into the realms in which I have just been wandering, but we should think seriously as a Government and as a party about following the New Zealand example and writing off the interest payment for students.

Mr. Gummer: On a point of order, Mr. Deputy Speaker. Are you aware that because the Government have refused to make a statement on the new airport policy, copies of the document that were placed in this House have now run out? People who were not able to question the Minister have sought the document, and there are now none available. Is that really acceptable?

Mr. Deputy Speaker: As I understand it, 40 copies of that document were produced in the Vote Office. Clearly, those have now run out. It is not good enough for it not to be available to Members of Parliament who need it. I am sure that the Department is aware of what has happened, and I trust that it will put matters right as quickly as it possibly can.

3.36 pm

Sarah Teather (Brent, East) (LD): By the looks of this packed House today, the Bill has generated enormous excitement and controversy in all parties. We will support the Bill, but we have a number of reservations that we would like to develop further in Committee, including the matter of how the Bill relates to Wales. I know that my hon. Friend the Member for Brecon and Radnorshire (Mr. Williams) hopes to catch your eye in a few minutes, Mr. Deputy Speaker, to raise that point.

It is worth putting it on the record that my party would not have started from this point. The so-called asset that the Government seek to sell today is the burden of debt that they have imposed on students since they came to office. The total student debt of £18 billion is more than the gross domestic product of Slovenia, believe it or not. It represents a millstone around the neck of each student who has graduated under this Labour Government. The truth is that we do not really know what the implications of the debt will be for a whole cohort of graduates throughout their lives. We have been engaged in what essentially amounts to a giant experiment. We do not know what effect it will have on their career choices, or on their decisions about whether to have a family, get married or buy a home. We will not know that for another 10, or even 15 years, by which stage it will be too late for us to turn back the clock.

Despite the Minister's assurances, many graduates now struggling to pay back their student debt on what are often quite low new graduate salaries remain concerned that the selling of the debt to a private company could be a precursor to raising the interest rates to commercial levels. I am pleased that the Minister denied that point on the record, but I wish that he would include it in the Bill, to reassure students who are likely to have their debts sold off in future, and graduates, who will be affected by this change.

Graduates already face a hike in the interest rates on their loans this year. The rates have doubled to 4.8 per cent., as the hon. Member for Great Grimsby (Mr. Mitchell) mentioned, from 2.4 per cent. last year, due to the slightly bizarre way in which the Government calculate interest rates for student loans. It is not just that they use an entirely different inflation figure for students from the one they use for other purposes, but the rate is not even averaged over the year. It is set arbitrarily on the basis of one month in March. If that month happens to be one in which oil prices are running high, and there are hikes in utility bills, for the rest of that year students will pay the cost in their interest rates. Students are concerned that this is the beginning of a domino effect. They saw fees, then top-up fees—and may assume the raising of the cap—and then the introduction of commercial interest rates. They would welcome the sort of assurance that I mentioned—the Minister including something clearly in the Bill to demonstrate the Government's future intentions. They can always amend it later. We have seen plenty of amending legislation from the Government in the past 10 years.

The Minister is adamant that although his Department is leading on the Bill, it is not about higher education and will have no effect on students or universities. It is merely a short-term tactic to raise immediate revenue for the Treasury and to offload risk on to someone else. If we are to accept the Government's argument about offloading risk, are we sure that anyone would want to buy the student loan book? The loans are riskier than the mortgage-style loans that were sold, and it takes longer to pay them off. They were income contingent, so if income levels drop the loan repayments will dry up. Any investor would be gambling on the future of England's economy.

Mr. Hayes: The hon. Lady and I broadly agree, but she is on slightly shaky ground with her last point. I suspect that the opposite is true. The loans would be a relatively secure product to buy. The risk is spread widely and the record of defaulting is small. I would think that they would be an attractive proposition. However, the hon. Lady made a good point about when they will be sold, to whom, on what time scale and in what chunks.

Sarah Teather: Let me develop the point. What about those students from the European Union whom we have discussed? That is especially relevant as more students move around. What happens if students move abroad? Are they more or less likely to default? With a free market in higher education across Europe, are we sure that such loans will always be a secure investment? I am not quite so sure. Those points need to be explored.

[Sarah Teather]

What requirement is there for HMRC to pursue those students who fail to pay back their loans? If the buyers of the student loan book are to rely on HMRC's competence to realise the value of their purchase, this week will have fatally undermined the price of the assets on offer.

The hon. Member for Great Grimsby referred to debt bundles, and he made a good point. With the lack of liquidity in the financial market today, there is a serious question about whether any bank would want to take on the risk of buying the student loan book. If banks are loth to invest at the moment, there is a risk that the Government will have to sweeten the deal heavily to interest buyers.

A number of hon. Members have asked how large a discount the Government will need to give to investors and what proportion of the book they will sell to raise the £6 billion. The Minister has consistently said that he cannot answer because that would reveal all the Government's cards to investors, but the cat is out of the bag. We know that the Government's finances are tighter this year and that there is a greater squeeze on spending. Selling the student loan book under those circumstances is rather like advertising on lastminute.com: "The plane leaves in 24 hours, all tickets must go. Any price accepted." We should perhaps be a little concerned that there is a risk that the Government will put in far too great a sweetener, which would lower what is good value for money.

How will the Government decide what is good value for money? How will we know what they have done to establish that? If the Government do not reach a deal that is good value for money, will they postpone the sale, or proceed anyway? They will need to receive a capital amount to balance the books this year. The Tories did at least postpone the sale in 1996 when they failed to obtain a good price for the taxpayer.

The problem is that the Government's record is not good. The forthcoming National Audit Office report on QinetiQ, which we expect to be published tomorrow, is a prime example. A large stake in the defence firm was sold at rock-bottom prices to the Carlyle group and then floated on the stock market, which made the group a hefty £300 million profit. That is a prime example of what happens if we do not ensure that we get value for money at the time.

If the Government succeed in selling the student loan book at a level they believe to be fair, will they undertake to report to the house on the details of the sale before proceeding with further sales? That is the point that my hon. Friend the Member for Harrogate and Knaresborough (Mr. Willis) made when he asked the Minister to put on the record the discounted rate for the previous sales. I accept that we will not know all the details before the sale, but if the House is to have confidence in what the Government are doing we need to know the success rate that they have achieved so far.

From the investors' point of view, it is not clear how they will know exactly what they are buying unless the Government intend to release much personal data about the loans. The Minister said that all the information for potential purchasers would be anonymised, but I cannot understand how investors could genuinely appreciate what they were buying without knowing far more about those who owe the debt. That raises concerns.

What will happen if students default on their payments? The hon. Members for South Holland and The Deepings (Mr. Hayes) and for Great Grimsby asked about that. Will HMRC pass on information about individuals to the new owners of the debt? What data will be passed to them? What safeguards will be in place? Will HMRC or the new loan owner be responsible for chasing up those who default? How will the relationship work? How will the data be transferred? I presume that the Minister does not want the Opposition to give him details of a reliable courier company, and that a better system will be used in future. There was some hubris in the Government's reference to their intentions on data protection in the Q and A that the Department released. I suspect that no hon. Member will be as ready to accept the Government's reassurances about the matter now.

What will happen when the initial purchaser sells on the debt? The hon. Member for Daventry (Mr. Boswell) made that point in interventions. Are the Government genuinely saying, as the Minister told me in private, that they will undertake to draw up a new agreement and contract with any new purchaser, all the way down the line, regardless of the way in which the debt is broken up, the number of people to whom it is sold on and whether it is sold here or abroad? What data protection will be in place as the debt is passed along the chain?

The Government trespassed on principle long before we reached this point, when they decided to impose large debts for higher education on students just as they start out in life. There are few points of principle in the Bill, but it contains several holes that leave graduates in uncertainty. I hope that the Minister will turn his mind to them in Committee. However, for now, we are content to let the measure through.

3.46 pm

Mr. Tim Boswell (Daventry) (Con): We are nearing the end of a bad week in Parliament for the Government. However, at last a Bill has come along that we can describe as reasonably sensible. It will have my support today.

I have a circumscribed role in higher education as, first, a member and officer of the all-party university group and, secondly—the Minister and certainly the hon. Member for Brecon and Radnorshire (Mr. Williams) will be interested in this—a relatively newly appointed governor of a Welsh higher education institution. We shall watch that interface with interest.

However, given that it is more than a decade since my service as a Minister with responsibility for higher education, it is not appropriate for me to debate contentiously or dilate on details of the past. I can say fairly that I floated the idea of doing something along the lines that the Bill suggests and that I have supported the principle of doing so ever since. I welcome the widespread consensus that has been achieved on that. If we consider the reasons for not doing that at the time, it is fair to say that, in the early days of student loans, there was less experience of the repayment compliance. Since then, there has been greater refinement of financial instruments and, perhaps most importantly, the underlying asset has escalated in value. The asset, allowing for another year's issue of loans, would now approach roughly £20 billion. That is four or five times the value of a decade ago.

However, the Bill is essentially a Treasury measure. It is not about the Department for Innovation, Universities and Skills or about education. It needs assessing for its economic impact and, as several hon. Members who contributed interestingly said, the critical issues are the conditions and timing of any sale that the Treasury makes or drives. There is no more explicit disclaimer of the Department's involvement than that in paragraph 42 of the explanatory notes, which states:

"No aspect of this Bill will create a material impact on borrowers, higher education institutions or employers."

If that is the case, one is driven to wonder what on earth the Minister, much as I like and respect him, is doing discussing the Bill. Where is the Treasury, which is in effect controlling the legislation? However, we are pleased to see the Minister here and he explained the Bill very well.

The Bill's primary importance is economic, although there may be secondary implications for students and the sector. It is clear from this week's events that even if—this would be an impossible task and I do not anticipate that it will take place even in the near future—the Government could sell off, at one gulp and at an early date, all the student loans, the total proceeds would fall below the total amount of current Government lending to Northern Rock. In a sense, things have not gone down the pan, but that is at least the scale of the commitment.

It is perfectly proper for Ministers, whether Treasury Ministers or Education Ministers, to say that the sale of a loan as a Government asset—a loan is of course an asset—is an alternative to further Government borrowing. Indeed, doing so may introduce some welcome flexibility in the Government's financial affairs. I have no difficulty with that. However, my hon. Friends and others are right to say that we are entitled to ask the Minister to give some indication of the deal that his Department has done to recover the proceeds from the Treasury. For example, are we talking about an enhanced capital programme for higher education institutions? If we are, will it be a genuine enhancement of the resources available to higher education or will it merely be a substitute for others that would have been available?

Those are general questions about the Bill. There are also some interesting technical questions that are worth probing more in Committee and to which a number of hon. Members have already referred in interventions or speeches. There is an interesting and essential tension between the number and nature of the safeguards available as far as student confidentiality is concerned and the number of players involved. Ministers have rightly fallen back on the overriding guardianship role of the Secretary of State. It is worth noting that the Secretary of State's obligations are set out clearly in paragraph 15 of the explanatory notes. I should make it clear that those obligations fall on him, and are not demitted to individual civil servants, whether senior or junior.

One of those obligations is to ensure that correct repayments are taken. A second one is to protect borrowers' personal data and to make arrangements to allow borrowers to discuss issues that have arisen in the course of their borrowing. Those are entirely proper public functions that sit with the Secretary of State. We cannot have arrangements that are seen to muddy those responsibilities, either within the Department or with regard to the subsequent control of the loans.

I mentioned this in an intervention, so I will not speak about it at length, but we know from the history of collateralised debt obligations that loans can easily be, and in fact are likely to be, chopped up and repackaged, and can involve a large number of players, some of whom, even if we know who they are, are likely to be outside the jurisdiction of this country and the Secretary of State. At best, when all those people are involved, sensitive data can leak. Indeed, there will be people looking for that to happen, perhaps in order to relate the names to other credit references that they may have. At worst, the data could be actively abused. At any rate, it is clear that the audit trail is bound to lengthen unless it is controlled.

The next issue is the nature of the risk being transferred. In a sense, that is as long as a piece of string, and whatever risk is being transferred will have to be made explicit to potential purchasers, who will make their own judgment on it. If we consider the old mortgage-style loans, we will remember that there has always been provision for mortality—which, sadly, occurs—and for other non-repayment because the conditions had been fulfilled for writing off the loan after a finite period of years.

I have some sympathy with the comments of the hon. Member for Brent, East (Sarah Teather) about this matter. There are now issues about the susceptibility to changes in economic conditions and the potential for default. I hope that the Minister will say something about the experience of active default as opposed to the writing off of a loan under permitted conditions in the existing arrangements.

The Minister and I have previously debated the merits or otherwise of the old mortgage-style loans that I used to operate, and I do not want to reopen that debate. I am certainly not saying that we should bring them back now; we move on. However, for borrowers, the terms and obligations attached to those loans were fairly clear. That might not be the case with income-contingent loans, not least because the level of income might not be clear.

I say to the Minister—as I would say to his Treasury colleagues if they were supporting him on the Front Bench today—that if one is prepared to take a big enough discount, anything, even a sub-prime mortgage, can be got away at a price, but it will only be a severely discounted one. I believe that the Minister is right to keep his powder dry, despite the blandishments of the Liberal Democrats, about the precise conditions under which he is going to sell. I would be the first to complain if he engaged in a fire sale of this very valuable asset. However, he needs to know what he wants to sell, and purchasers will need to know what they want to buy.

This brings me to a further issue. I am sorry if this point is something of a King Charles's head for me, but I make no apology for repeating it, because I believe that it is important. There is the potential—not the actuality—of a scandal in the making over the question of outstanding student loans that are outside the Secretary of State's jurisdiction. The Minister has been perfectly reasonable and reassuring in relation to loans within the British envelope. Most people pay PAYE, and most student loans are recovered through Her Majesty's Revenue and Customs. We understand from what the Minister has said today that, thank goodness, there has been no breach of security in that regard. We accept his assurance

[Mr. Tim Boswell]

and we are pleased about it. However, a significant minority of loans are given to qualifying persons who are not British nationals, including European Union students and those from within the European economic area, and to British nationals who subsequently become resident abroad and do not pay UK income tax.

The convenient arrangements involving recovery through the Revenue do not apply in those cases. As I understand it, the Student Loans Company is responsible for the collection of those debts, in accordance with the rules. Incidentally, it is also responsible for any voluntary payments that people might make to wipe off their debts, which is welcome. The Minister should tell the House whether there is a material sign of any differential impact between home graduates, if I may call them that, and those resident overseas. I would not be surprised if there were growing evidence of default by those who have passed outside the range of the Revenue and are now difficult to pursue. Without wishing to make a derogatory remark, I must point out that this is similar to the problems of enforcing judgments against foreign drivers, for example.

The Minister needs to take this issue seriously. If word gets out on the street that someone can take out a student loan in the United Kingdom—we are obliged to offer it—but that they do not need to pay it back because they have moved out of the system or because they are a Brit who has moved abroad, in effect to escape from the loan, that would be very bad news. It is disadvantageous to our own resident students, and it makes less money available for other public purposes in the long term. I hope that the Minister will say something about compliance in the context of foreign-resident, as opposed to home-resident, graduates.

This will obviously be a Committee point, but I think we should consider whether purchasers will be obliged to take a proportion of accounts of persons who are resident abroad as part of the package, or whether it is conceivable that a separate package might be offered consisting of persons who are exclusively resident abroad—Student Loans Company cases, rather than Her Majesty's Revenue and Customs cases.

Perhaps the Minister will allow me a hypothetical example which I think is at least worth considering. If a Lithuanian bank felt able to secure a package of loans extended only to Lithuanian nationals who had come to the United Kingdom to study, and then to attack them under Lithuanian debt laws and get a faster rate of return than it would by going through the front door—in other words, the Student Loans Company—that would be a differential and might even attract some concern in Europe. If nothing else, it should be considered whether there is any distinction in practice that makes the position of students either easier or more onerous depending on whether they are resident in the United Kingdom or abroad—whether as an English, or British, national or as a foreign national—that would amount to a loss of that famous and desirable concept, the level playing field. To put it simply, it would not be fair.

Although the Bill is narrow, a number of Members have referred to some of the wider policy contexts. As we are lucky enough to have an Education Minister present, I think it reasonable to make a few brief comments of that kind.

There are major long-term issues in the Bill, for all that it is Treasury-driven and will be Treasury-directed, which relate to the real world of students and, indirectly, to the health of higher education institutions and the overall health of the sector. As my hon. Friend the Member for Havant (Mr. Willetts) has said in the past, once the Department has settled down after its initial separation from the other education Department, it needs to make an early start on appraising the impacts of the present fee regime ahead of the 2009 review. In fairness, the Minister has quoted figures for recruitment which will be relevant to that, and which I welcome.

As a whole, the present position is encouraging. The Conservatives, too, are interested—certainly I am interested—in access for people who, although they are from disadvantaged backgrounds, have the same potential as, or even greater potential than, some of their counterparts. We need to discover whether there are differential impacts, not just according to social class or income but relating to the pattern of offers among part-timers and mature students.

The other day I went to talk to a group of sixth-formers. I was a little disappointed when someone who seemed bright enough to qualify for university said very definitely, "I am not going." When I asked, "Would you mind telling me why?", the reply was, "I am worried about debt." That was a one-off—it may have been the word on the street, and it may not be typical of students collectively—but it is depressing nevertheless.

The Minister may be aware—it has featured in earlier debates—of my concern about the cumulative effect on marginal tax rates of income tax—perhaps even paid by quite junior people at higher rates—national insurance contributions and student loan repayments. I can never remember what the acronym is supposed to stand for, but some social scientists have referred to members of the so-called iPod generation, who incur, in effect, a marginal tax rate of over 50 per cent. at a very young age, which I think is worrying.

That also plays into wider issues to do with life profile and life chances. People who are repaying onerous student loans might at the same time be founding households or thinking for the first time about taking out a mortgage—and, as we all know, they ought to be thinking about their pension, too, when there is a chance that compound interest will give them a worthwhile pension.

In saying that, I do not seek to subvert anything the Minister has done. A good job was done collectively in Committee on proposed higher education legislation in getting a better student package. I am happy in some respects about that. We cannot anticipate the review, but we should emphasise that it is important and that it is about sustaining access and at least controlling the burdens on graduates even if they have a better future income stream.

There are questions to do not only with the conventional model of higher education students, but also with part-time and mature students. I will not today open up the issue of payments through higher education institutions for qualifications of equivalent or lower quality, although that is a concern of mine—about which I have written to the Secretary of State—because of some of the impacts on some institutions and types of study.

There is also the whole area of comparison with further education. The Minister was not quite right when he said that nobody has ever helped in that area before, because career development loans have been available for many years. In a sense, they are a private sector risk—a managed and reduced risk. However, the scale of the commitment to CDLs pales in comparison with the size of the student loan book.

Part-timers at higher education institutions have, at last, been able to avail themselves of loans in certain circumstances, which is welcome, but some recent work has come to my attention through City and Guilds—the Minister might have seen it, too—confirming my long-standing belief that FE is left standing in terms of student support, however great its economic contribution might be. I hope that that will be addressed, and that the Minister will take those disparities seriously.

As I move on in my parliamentary career, I can reflect as well as—I hope—look forward. It is a strange fact that the Education Act 1962 marks the beginning of the concept of the student support package and the mandatory award. I was an undergraduate at that time. Since then, the whole body of measures has gathered barnacles, accretions, qualifications, embellishments, derogations and further advantages. Let me give a simple example: it was not until approximately 1990 that the first student loans were added to supplement the grants package, and Ministers have now brought back the grants package to supplement the loans. The concept of an entitlement, or mandatory award, attached to a first course of undergraduate study at a higher education institution has, however, persisted; but the time is fast approaching for us to take a fresh look not only at student finances, although that is important, but at the whole of the financing of post-compulsory education at higher and further education level and also embracing training and the important and growing area of continuing professional development. None of that is included in the Bill, as it is a technical, enabling Bill, which is all right as far as it goes—at least we hope that there is none of that, and that such changes to the system might only have crept in inadvertently. The issues we are discussing are serious and deep, however, and we will have to address and tackle them before too long.

4.9 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): I apologise to you and to the House for not being here at the beginning of the debate, Mr. Deputy Speaker.

The Bill had an inauspicious start as far as Wales was concerned when it was trailed in the draft legislative programme and described as "England only". It has now been properly described as extending to England and Wales. Indeed, we have received more support and information from the Wales Office than we have had previously when dealing with similar Bills. The hon. Member for South Holland and The Deepings (Mr. Hayes) mentioned the Further Education and Training Act 2007, which led to confusion when the intention was not to give Welsh further education colleges the power to award foundation degrees. We are all gaining experience in this type of legislation.

Bill Rammell: For the record, there was no confusion on that issue, either when the Bill was going through the House or in respect of this Government.

Mr. Williams: I accept the Minister's point. I merely say to him that Labour Members felt that there was some confusion, and they made contributions along those lines.

Bill Rammell: For the record, I remember distinctly that what my hon. Friends were concerned about was proper and effective scrutiny of the transfer of powers to the Welsh Assembly Government. The concern was not about whether that Government chose to take up foundation degree awarding powers.

Mr. Williams: I accept what the Minister says. I am looking to the future rather than to the past, and we want to learn lessons from the legislative processes that we have been through.

The explanatory notes give the student loan book a value of £18.1 billion. Lord Triesman's office has informed my hon. Friend the Member for Ceredigion (Mark Williams) that that is an England-only figure and that the Wales figure is £1.1 billion. It would be helpful if the Minister confirmed those figures in Committee or at some other stage.

I would be interested to learn what representations the Minister and his Department have received from the Welsh Assembly. I understand that there is little appetite in Wales for using these powers. I might be wrong about that, but it would be interesting to hear about any representations that have been made to the Minister along those lines.

The powers are mirror powers—we are learning to use that technical term. They give Ministers in the Welsh Assembly Government the same powers, and no more, as the powers that could be exercised by Ministers here. My hon. Friend the Member for Harrogate and Knaresborough (Mr. Willis) asked where the money raised by the sale of the student loans book would go. When he was making that point, I wondered where any sum raised by the sale of the Wales student loan book would go if Ministers in the Welsh Assembly Government used the powers that are intended for them. Would the money stay with the Assembly or be taken back to Westminster? If the money stayed with the Assembly, what could the Assembly use it for? Ministers in the Welsh Assembly Government might be encouraged to use powers given to them if they felt that they could use the money in a constructive and positive manner.

In general, Liberal Democrats would prefer to have framework powers in this type of legislation rather than mirror powers. We shall be interested to see in Committee how the Minister will respond under scrutiny to such sentiments.

4.14 pm

Mr. Rob Wilson (Reading, East) (Con): This is my first contribution from the Front Bench, and it is a great privilege to follow the many thoughtful speeches and interventions in the debate today. We have had a short but interesting debate, which has at times made me think that the major parties are conducting a love-in rather than a debate. It certainly lacked some of the usual rough and tumble of exchanges in this House, but why should the Opposition oppose the Government when they implement ideas that we originally proposed?

[Mr. Rob Wilson]

Much has been made recently of the Xerox Chancellor and the magpie Budget, but the sale of student loans goes back much further and could be described as Labour's original sin. As my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) said, my party first proposed the sale of student loans back in 1996, and it was implemented in 1998 and 1999 by the right hon. Member for Sheffield, Brightside (Mr. Blunkett) in an attempt to stay within Government spending limits.

If those on both sides of the House could continue to work effectively in pursuit of sensible policies, especially Conservative ones, it would be good for the image of Parliament and for the country. I therefore applaud the Government for once again recognising a bright idea that has emanated from the Conservatives. I hope that that sets a precedent for a future in which our policies regularly slip unchallenged past the House. Even the hon. Member for Brent, East (Sarah Teather), in a thoughtful contribution, made it clear that her party would not oppose the Bill.

The Bill is a sensible and rational piece of legislation, although I agree with my hon. Friend the Member for Daventry (Mr. Boswell), who pointed out that this is a Treasury Bill, not a higher education Bill. The sale of the student loan book is consistent with our belief in further public-private collaboration, and it will enable the Government to capitalise on a growing public asset without affecting borrowers or taxpayers. It could even have the added and totally irrelevant but enjoyable side-benefit of irritating the left wing of the Labour party.

Speaking of the Labour left, I notice that an early-day motion from the usual suspects has already called for the uncosted abolition of interest on student loan repayments. It would be useful if the Minister could let us have an estimate of the cost of that policy. Perhaps he could tell us how many nurses or teachers would have to be sacked if the Government implemented the policies of their Back Benchers.

Bill Rammell: I welcome the hon. Gentleman to the Front Bench. To enable me to respond properly to the point that he has just made, I would be grateful if he repeated it, as I was inadvertently detained elsewhere for a moment.

Mr. Wilson: The Minister may be aware of the early-day motion tabled by some Labour Back Benchers—I described them as the usual suspects—that calls for the abolition of interest on student loan repayments, which would raise costs for the Treasury significantly. I wondered whether he could advise us how much that would cost, perhaps in terms of how many nurses and teachers would need to be sacked. In any case, I advise him to keep an eye on the left wing of his party, so that it does not lurch too far to the left.

We are satisfied in general terms that the Bill includes sufficient safeguards for buyers and borrowers. The proposals will transfer a growing debt portfolio, and all the risks that go with it, out of public hands and into those of private institutions, which are vastly more experienced than Government in debt management. Those private institutions are also probably more experienced in data protection, given this week's calamity—a point made powerfully by the hon. Member for Great Grimsby (Mr. Mitchell).

The National Union of Students has already stated its concern that the Bill may be a step towards students paying commercial rates of interest. I do not believe that it is, and it should be noted that students still enjoy a favourable interest rate that is pegged to inflation. There is little for students to worry about in the Bill, which probably explains why they have not been more vociferous in their representations to hon. Members. Students may be more concerned, however, that the average graduate debt is £15,000 and takes some 13 years to pay off, as the Minister recently informed me in a written answer.

Like the hon. Member for Brent, East, we recognise that financing a university education can be a challenge for many students and their families. We welcome the fact that the Bill enables the Government to preserve the low interest rate that students currently enjoy. In that context the point made by the hon. Member for Bury, North (Mr. Chaytor) is relevant in making sure that we are communicating directly with students on this matter.

The Minister, in his opening remarks, was right to say that it is prudent to consider the timing of any sale of the loan book. I understand that passing the legislation does not necessarily mean an immediate sale. As many hon. Members have said, in the light of the Northern Rock fiasco and the dark economic clouds over the banking sector and the economy, that is a particularly relevant and important concern.

There are questions on which I hope the Minister can shed some light. I understand that the proceeds from the sale are already accounted for in the comprehensive spending review. Perhaps he can tell the House whether there is a time limit on when the sale must be undertaken. If putting the revenue into the comprehensive spending review means that the money must be raised within three years, does that weaken our negotiating position in getting the best deal? My hon. Friend the Member for South Holland and The Deepings made a good point when he asked how much of the £6 billion is already accounted for in the comprehensive spending review and where it is allocated. If the Government do not raise the expected sum, what impact will that have on the Government's spending plans?

I remind the Government that the student loan book is a public asset and taxpayers will expect a reasonable price from any sell-off. The Government must avoid the temptation to cash in too quickly for the sake of the public sector borrowing requirement and pressure to raise funds. It was absolutely right for my hon. Friend the Member for Daventry (Mr. Boswell) to remind the Minister that the former Chancellor of the Exchequer sold a large portion of the gold reserves for a quarter of the price that we could have got shortly afterwards, even if in doing so my hon. Friend slightly changed the flow of my hon. Friend the Member for South Holland and The Deepings. As the hon. Member for Twickenham (Dr. Cable) pointed out yesterday, the Government undervalued QinetiQ to the tune of £300 million.

I will be helpful to the Government, because they have had such a stinker of a week, and demonstrate why there is no rush to sell. Despite the concern

expressed by the hon. Members for Great Grimsby and for Brent, East, this sale is a good deal for whichever commercial entity wins it. The House should note that these loans are not sub-prime mortgages. Graduates are likely to move directly into employment and begin repayment quickly. These loans are an attractive asset for banks, providing a continuous income over a long period from a low-risk group, collected securely through the tax system. They will also diversify the banks' portfolios and give them direct contact with an important socio-economic group. The Government have a strong hand to play and we will watch to ensure that they play it well.

It is worth remembering that the first two sales of student loans failed to reach the estimated value. Valuations of £1.6 billion and £1.5 billion raised a combined total of just under £2.1 billion when sold. Does the Minister expect to lose as much as a third of the face value with this sale, as the Government have on previous occasions? Is that what he suggested in his opening remarks was good value for money?

According to the figure we have been given, the sale will involve £6 billion-worth of loans from the current £18 billion, but I am not clear whether that is the amount that the Government expect to receive into Treasury coffers or whether that figure is negotiable. I again remind the Government that these are public assets and Parliament expects full disclosure on how the sale will be handled and conducted. However, I am sure that we can deal with many of these questions in Committee rather than detain the House too long this afternoon.

Mr. Richard Spring (West Suffolk) (Con): Keep going.

Mr. Mark Hoban (Fareham) (Con): Keep going.

Mr. Wilson: I thank my hon. Friends who from a sedentary position keep me going and refuel me in mid-air.

We have also heard references to the expense of paying interest subsidies to the debt sale purchasers, particularly from the hon. Member for Great Grimsby. I accept that some form of subsidy will be inevitable to make the project commercially viable, but the expense of repayment should decline as the loans are repaid. Can the Minister inform the House what the impact of paying interest subsidies will be on the total revenue the Government will ultimately receive?

In a written answer to the hon. Member for Nottingham, South (Alan Simpson) of 3 May, the Minister informed us that between financial years 1998-99 and 2005-06 the interest subsidy came to a total of £561 million.

Mr. Boswell: My hon. Friend might like to reflect on the fact that the nature of the interest subsidy is contingent. It cannot necessarily be predicted in advance because the rate of inflation, which drives the student loan formula, and the commercial interest rates available may diverge over time and could have no direct relation to one another.

Mr. Wilson: As always, my hon. Friend makes an interesting point based on his wealth of experience in these matters.

Obviously, the Bill involves a much bigger transaction than the £561 million to which I was referring, and the amount of interest subsidy paid will increase at least proportionately, which involves some risk, as my hon. Friend suggests. Taking into account the face value of the sale and the subsequent interest subsidy payments, what proportion of the £6 billion will the Government ultimately keep? What proportion of it has been accounted for in the comprehensive spending review?

Can the Minister tell the House which loans will be selected for sale? Will the selection be random or systematic, according to a formula such as whether the loans are high or low risk? What is the total number of loans to be included in the package to bring the value up to £6 billion?

Many Members referred to trust in their contributions. Recent events have further undermined the Government's reputation for competence—throughout Government, not just in the education sector. Several Members asked about data protection, about which the public have some doubts, so what assurances can the Minister and the Government give graduates that their personal details, including bank account information, will not be lost, leaked or liquidated accidentally? The public will not have been completely reassured by the Minister's opening remarks. Can the House be assured that such information will always be encrypted and not moved around on CD-ROMs?

Can the public trust the Government to spend the proceeds of the sale wisely? There have been countless examples across Government, including in education, of profligate and wasteful spending. Indeed, some people might even say that unnecessarily splitting a Department and renaming the remnants constitutes just such waste. If that were not enough, there are many other examples of waste, as recent reports have shown; Lancaster university has already warned us about the frivolous way in which the Government splash the cash. A commitment from the Government to reinvest the revenue raised from the sale would be extremely welcome. In a powerful intervention, the hon. Member for Harrogate and Knaresborough (Mr. Willis) said that he wanted some of the money spent on higher education—as did some other contributors.

I, too, hope that at least some of the money can be spent on our higher education sector, which is, as the Minister knows, vital to the UK economy and should be given every reasonable support. However, the money resolution makes it clear that all the revenue will disappear into the Consolidated Fund. Can the Minister tell the House how much of it will go to higher education? A small part could be used to reinvest in institutions that will be devastated by the impact of recent cuts. Over the summer, the Government sneaked out a £100 million cut in funding to institutions dedicated to part-time and mature students. Help to institutions such as the Open university and Birkbeck college, both of which provide a valuable service to the UK economy, would be extremely welcome.

I am sure that, as my hon. Friend the Member for South Holland and The Deepings suggested, the House would be interested to know whether the Minister has been in discussion with interested commercial bodies already. Will it be possible in due course for the Minister to name the interested parties? If he feels that

[Mr. Rob Wilson]

doing so would undermine negotiations, could he perhaps disclose the number of interested parties with whom he has already had preliminary discussions? If he genuinely fears undermining the negotiations, I shall not push that matter, as it is vital that the Government are not hampered in their efforts to obtain maximum value for money when the assets are sold.

It is important to respond to the powerful contribution from my hon. Friend the Member for Daventry (Mr. Boswell), who has enormous experience of these matters. In particular, he raised the issue of selling on loans, as did my hon. Friend the Member for Windsor (Adam Afriyie), and the Minister needs to offer considerable reassurance on that issue. My hon. Friend the Member for Windsor is right: it is possible that the Government could end up guaranteeing the very loan that they have just sold off.

Having sounded several notes of caution and having asked the Minister a number of specific questions, I shall close my speech by saying that the Opposition are, in general, satisfied that the Bill will provide the necessary safeguards to attract commercial buyers. The sale is evidence that closer co-operation between the public and private sectors provides the most effective way to manage the growing student debt portfolio. The revenue that the Bill will raise, and should continue to raise, is welcome. Despite reservations about selling on loans, information security and how the Government will spend the money, we believe that the proposals in the Bill are sensible, and we will therefore not hinder its progress on Second Reading.

4.31 pm

Bill Rammell: We have had a good, constructive—

Mr. Deputy Speaker: Order. The Minister needs the leave of the House.

Bill Rammell: I apologise. With the leave of the House, I seek permission to respond to the debate. Thank you, Mr. Deputy Speaker.

We have had a good, constructive and, in many ways, consensual debate. The hon. Member for South Holland and The Deepings (Mr. Hayes) set out his dedication, which I accept, and that of the Conservative party, to widening access to education, particularly higher education. Genuine commitment to widening participation requires consistency in decision making. I charitably remind him of the Conservative party's flip-flopping on student fees. When tuition fees were first introduced in 1998, the Conservatives advocated full top-up fees, with no protection. By the time we took the legislation through the House before the last general election, the Conservatives were opposed to variable fees. Now, they are in favour of the Government's position. Indeed, they now tell us that they want the review on the cap to be brought forward, which would be irresponsible. Some Conservative Members, such as the right hon. Member for Wokingham (Mr. Redwood), advocate the lifting of the cap before we have the evidence. The Conservative party is somewhat lacking in credibility on this issue.

Mr. Boswell: I do not intend to challenge everything that the Minister is perhaps about to say, but it is important that Ministers start to collate the evidence on the review of the cap and to take a preliminary view—they should not leave that until the last moment, when they might take a snapshot, which would not be wholly representative of the profile of the situation. Further—I end on this point—they should also have regard to the long-term, whole-of-life implications for students whose other commitments grow as their careers mature.

Bill Rammell: I accept that last point, and given that the hon. Gentleman previously did my current ministerial job, I know that he is very knowledgeable on such matters. I certainly agree that it is critical that we have as much information as possible about how the new system is working before the independent commission in 2009. That is why the shadow Secretary of State for Innovation, Universities and Skills is neither right nor justified in calling for that commission to be introduced before we have the full, substantive body of evidence before us.

The hon. Member for South Holland and The Deepings chided me, saying that we were picking up Tory policies. We legislated on the sale of mortgage-style student loans in 1998—well before the commitment that the Opposition gave in their last general election manifesto. We believe that this is the right thing to do. It sensibly transfers risk from the public sector to the private sector and ensures that students and graduates are not affected in any way, shape or form.

The hon. Member for Harrogate and Knaresborough (Mr. Willis), who chairs the Innovation, Universities and Skills Committee, made an interesting contribution. He argued that the proceeds from the sale of student debt should be hypothecated to my Department. I will come back to that point later, but I have to say that the money will be paid into the Consolidated Fund and will support all Government expenditure. That is in line with the principle by which loans are repaid at the moment, and it would not be in anyone's interest to breach the principle.

Mr. Hayes: The hon. Gentleman speaks with integrity on these matters and I hear what he says about the money being paid into the Consolidated Fund. Members on both sides of the Chamber have expressed doubt about the timing of the sale. This would not be a great time to sell, as I am sure he realises. Given the Government's financial problems, I suspect that the matter may be decided well above his pay grade. We do not want a sale to go ahead that is not in the interests of the public, universities or students.

Bill Rammell: The hon. Gentleman referred to the extra-sensory powers of the hon. Member for Daventry, who anticipated the next point that he was going to make. The hon. Member for South Holland and The Deepings is similarly endowed with those powers, because he has just made the very point that I was coming to.

We will not rush the sales imprudently. Clearly, it is not possible accurately to predict market conditions at a given point in the future because they will, naturally, vary for different sales. The powers in the Bill are intended to establish a long-term ongoing programme of sales. We will monitor the market with a view to launching sales at times when market conditions are more stable and less volatile, to help ensure the best

possible value for money for the taxpayer. The Bill gives us the ability to sell. All that we have set out so far in the comprehensive spending review is our intention, over the coming three years, to sell £6 billion of student loans. If market conditions are not adequate or appropriate, and do not ensure value for money, sales will not go ahead. I can give that categorical commitment.

We heard welcome comments about establishing a cross-party consensus, if we can, so that everything possible is done to ensure confidence in the safety of personal data. I refer back to what I said in my opening contribution. My right hon. Friend the Chancellor made his statement this week. Lord Triesman, the Minister with responsibility for intellectual property and quality, has asked the Student Loans Company to review its operations and data management processes. No breaches of data protection protocols have occurred in respect of student loan administration and we are certain that no data have gone missing in respect of student loan administration. However, Her Majesty's Revenue and Customs has initiated a wide-ranging review of its security processes and procedures, and we are undertaking a review of student loans and all Departments are reviewing their data management processes. If the hon. Gentleman wants to make further suggestions in Committee, I will be happy to consider them.

Mr. Hayes: I am grateful for the tone of the Minister's remarks. It seems that this is a dynamic situation. Fraudsters are becoming ever more sophisticated and it might be necessary to look at the matter more closely in Committee, given the events of the last few days. I am happy to accept his suggestion that we could do that on a bipartisan basis, but it might involve taking further advice and making amendments to the Bill to build in extra security—purely because it is important that we reassure the public, students and potential students.

Bill Rammell: It is important that I again make it clear that we have not identified a problem. No breaches of protocol have taken place and no student loans administration data have gone missing. Nevertheless, if the hon. Gentleman has proposals, I am happy to consider them.

The hon. Gentleman made a point about ensuring that a fair allocation of the Bill's proceeds goes to my Department. That is a decision for the Treasury, and I will not reveal discussions that take place between my Secretary of State, colleagues in the Treasury, the Chancellor and me. I ask the hon. Gentleman to judge us by what we have done in the past. During the Conservatives' last eight years in power, there was a 36 per cent. real-terms cut in per-student funding rate for higher education. Under this Government, there has been a 23 per cent. real-terms increase in the higher education budget. Across the country, virtually every vice-chancellor I speak to acknowledges that universities are undergoing a big expansion in their finances; that is in stark contrast to what they experienced before 1 May 1997.

The hon. Gentleman also asked me about growth projections for the student loan book. We expect that the income-contingent loan book will grow to about £21 billion by April 2008, and about £25 billion by April 2009. Clearly, the sales anticipated over the comprehensive spending review period are not for the whole loan book; we are talking about a long-term programme. I reiterate that if market conditions are not appropriate and we cannot guarantee value for money, sales will not go ahead.

Mr. Boswell: Is it not also self-evident that the value obtained for a particular tranche of loans is a function of the size of that tranche? It may be quite easy—and sensible—to get small amounts away, and to leave some of the bigger bulk for later. In other words, it is not just a matter of initiating the programme. The Minister and the Government should not be in too much of a hurry to try to sell the bulk.

Bill Rammell: Let me again make it clear that we will act prudently and responsibly in undertaking the sales. The hon. Member for South Holland and The Deepings asked who was likely to purchase the loans. We believe, based on the advice that we have received, that a wide range of investors will be interested in buying bonds based on the loans, because they are a new asset class that will diversify investors' portfolios and meet specific investor needs, for which there is a market. Those investors are likely to include pension funds, banks, insurance companies and fund managers; they will buy different loans according to their risk appetite.

The hon. Members for South Holland and The Deepings, and for Brecon and Radnorshire (Mr. Williams), asked about the implications for Wales and the Welsh Assembly. As the hon. Member for Brecon and Radnorshire knows, student support policy and ownership of the Welsh student loan book was devolved in 2006. As responsibility for student loans in Wales has been devolved to Welsh Ministers, it is important that the provision applies equally to Wales. Any decision on the future sales of the Welsh loan book must be made in Wales by Welsh Ministers. Clause 8 gives Welsh Ministers the power to make those decisions. Welsh Ministers are keen to ensure that the powers are in place, so that they can ensure that maximum value for money is achieved for Welsh student loans. The Bill will enable Welsh Ministers to decide when it is appropriate to use the powers, bearing in mind the relevant economic and value-for-money considerations.

The hon. Member for South Holland and The Deepings also asked whether I could give an indication of protected proceeds—that is, of the price that we will achieve. It would not be right to talk about the level of proceeds ahead of a rate. There will be a competitive process to maximise value for money for the taxpayer.

My hon. Friend the Member for Great Grimsby (Mr. Mitchell), who is no longer in the Chamber, made a number of points. He talked about £18 billion-worth of sales; our only commitment at this stage is to seek £6.3 billion over the coming three-year period.

The hon. Member for Brent, East (Sarah Teather), who leads for the Liberal Democrats, asked me to write into the Bill our future intentions with respect to fees and student finance. That would not be the right thing to do. We should stick to our policy of having an independent commission in 2009 and not prejudging it. That is the position of the Government, not of the Opposition. The right hon. Member for Wokingham has said that we should lift the cap now, and a Liberal Democrat think-tank says the same. We need to be responsible and stick to our policy.

[Bill Rammell]

The hon. Lady asked about the implications for the Student Loans Company. Let me be clear. Following a sale, the Government plan to include provision within the contract that the SLC will continue to carry out the administration and enforcement of the loans that have been sold, and will continue to have all direct day-to-day contact with borrowers. That should give significant reassurance.

The hon. Member for Daventry (Mr. Boswell) made an important contribution, based on his previous experience. We will not sell at any price. He made some important comments about students who travel overseas or students from elsewhere in the European Union. We need to be clear that loans to EU citizens for tuition fees started only in 2006-07. The first graduates will begin repayment from 2010. For that reason, those loans will not be part of the early sales of the loan portfolio.

We are putting in place with the Student Loan Company a comprehensive system for collecting loans. The principle of income-contingent loans means that we will collect repayments according to purchasing power in the country where the borrower is resident. That is important. No one will be able to avoid repaying because a good local salary does not meet our £15,000 threshold simply as a result of the currency rates. We will ensure that enforcement across the EU will be possible under EU law by taking action in the UK courts—from memory, I think EC directive 1441 deals with that.

The hon. Member for Reading, East (Mr. Wilson) wound up for the Opposition. I welcome him formally on his first appearance at the Dispatch Box. He asked me about paying interest subsidies to the purchaser. That is not how we expect the sale to work. There will not be an ongoing subsidy to purchasers; all that will be taken into account in the sale price.

The hon. Gentleman commented on second degrees. Let me state for the record that we are not cutting funding to universities. We are saying—rightly, in my view— that £100 million over three years ought to be transferred from institutions spending that money on people who already have an undergraduate qualification to those, especially in the workplace, who do not have a first degree. There will be protection and transition. No university will lose out in cash terms at the end of that period. That is the right priority. Some 70 per cent. of the adult work force do not have a first degree qualification. That is a higher priority than people who already have their first degree.

In conclusion, the Bill is important. We have had a sensible and measured debate and I commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time.

SALE OF STUDENT LOANS BILL (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(7) (Programme motions),

That the following provisions shall apply to the Sale of Student Loans Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on 11th December 2007.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—*[Mr. David.]*

Question agreed to.

SALE OF STUDENT LOANS BILL *[MONEY]*

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Sale of Student Loans Bill, it is expedient to authorise—

(1) the payment out of money provided by Parliament of any expenditure of a Minister of the Crown in consequence of the Act, and

(2) the payment of sums into the Consolidated Fund.—*[Mr. David.]*

Question agreed to.

DELEGATED LEGISLATION

Madam Deputy Speaker (Sylvia Heal): With the leave of the House, I shall put together the remaining two motions.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

CONSTITUTIONAL LAW

That the draft Criminal Proceedings etc. (Reform) (Scotland) Act 2007 (Powers of District and JP Courts) Order 2007, which was laid before this House on 8th October, in the last Session of Parliament, be approved.

COMPANIES

That the Company and Business Names (Amendment) (No. 2) Regulations 2007 (S.I., 2007, No. 3152) dated 5th November 2007, a copy of which was laid before this House on 6th November, be approved.—*[Mr. David.]*

Question agreed to.

PETITIONS

Front-line Health Services (Haverhill)

4.49 pm

Mr. Richard Spring (West Suffolk) (Con): Haverhill is the most rapidly expanding town in Suffolk and is served admirably by the three general practice surgeries

located there. The GPs are valued and cherished as well as being highly productive, and they are held in great professional esteem by the local community. The proposal to cut funding to Haverhill GP practices will inevitably lead to job losses and have a devastating effect on front-line patient care, and it is wholly unacceptable. Ten thousand people have signed the petition acknowledging the injustice of the proposal and the lack of fairness to the people of Haverhill and their health needs.

The petition states:

The Petition of residents of Haverhill,

Declares that Haverhill doctors are united against plans to cut funding for the towns frontline health services by over £300,000.

The Petitioners therefore request that the House of Commons urges the Department of Health to instruct Suffolk Primary Care Trust to reconsider the reduction in funding to Haverhill GP practices.

And the Petitioners remain, etc.

[P000057]

Post Office Closures (Nottingham)

4.50 pm

Mr. John Heppell (Nottingham, East) (Lab): I beg leave to deliver a petition in the names of the users of Woodland Grove post office, which is in the constituency of my hon. Friend the Member for Gedling (Mr. Coaker) and borders my constituency.

The petition states:

The Petition of the users of Woodland Grove Post Office,

Declares that the closure of Woodland Grove Post Office would be detrimental to the local community and the viability of other shops in the vicinity.

The Petitioners therefore request that the House of Commons urge the Government as the major shareholder in Post Office Ltd., to review the programme of planned Post Office closures with a view to keeping the Woodland Grove Post Office open.

And the Petitioners remain, etc.

[P000064]

Post Office Closures (Fareham)

4.51 pm

Mr. Mark Hoban (Fareham) (Con): I present this petition on behalf of more than 1,000 people who use the post office at Arundel drive in Fareham. They are concerned at the threat posed to its continuing existence, as it is one of the post offices scheduled for closure.

The petition states:

The Petition of those affected by the closure of Arundel Drive Post Office,

Declares that the closure of Arundel Drive Post Office will cause considerable difficulty and hardship.

The Petitioners therefore request that the House of Commons urges the Department for Business, Enterprise and Regulatory Reform to make representations to Post Office Ltd. so that the Arundel Drive Post Office remains open.

And the Petitioners remain, etc.

[P000066]

Sea Bass

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. David.]*

4.52 pm

Martin Salter (Reading, West) (Lab): With no sense of irony at all, I welcome the Minister to the Dispatch Box today, especially as it was touch and go as to whether either of us would make it to the Chamber, given the curtailment of Government business. The issue of the future of Britain's most popular recreational fish does not appear to have found any favour on the Opposition Benches. That will come as some surprise to the 1 million sea anglers in England, Scotland and Wales, although perhaps we should leave that matter for another day.

It is ironic that, if the Minister had not been able to make it here on time—I am delighted that he has—the Whips Office had chosen my hon. Friend the Member for Worcester (Mr. Foster) to take his place. He is an angler, and I am sure that he would have agreed with every word that I have to say. To have done so, of course, might have contravened the words that he might have been required to read out.

This is an Adjournment debate; we are not limited by time, and I know that that will please everybody here. I am genuine in my congratulations to the Minister, who is a friend of mine. In his other role as Minister for the South East, he has impressed many people with how he has worked in the region with local communities struggling to deal with the aftermath of the July floods. I thank him for his two visits to my constituency; he will be aware that it is impossible to visit Reading without being harangued by fisherman, although in the case that I am thinking about they were freshwater fishermen.

I look forward, particularly in my capacity as Labour's angling spokesman, to the day when I can offer similar praise for the decision that my hon. Friend has made as Minister with responsibility for fisheries. Sadly, as a result of his decision to go back on the commitment made by his predecessor to increase, in the interests of conservation, the minimum landing size of bass, I am not here to praise the Minister but to challenge him—which is, after all, the purpose of this House. His announcement of 25 October on retaining the minimum landing size for bass at 36 cm rather than increasing it to 40 cm and then to 45 cm by 2010, as recommended by the Centre for Environment, Fisheries and Aquaculture Science just two years ago, flies in the face of scientific evidence and has been greeted with understandable anger and dismay by hundreds of thousands of sea anglers, as well as by conservationists. He himself admitted that his decision was based on looking after the short-term interests of the inshore fleet rather than the long-term interests of the species and the environment. I want to tease out those points.

It is worth reminding the House that the recreational sea angling sector in England and Wales is worth more than £1.3 billion a year to the economy and provides 19,000 non-subsidised jobs. The entire commercial fleet employs only 12,000 people, with considerably fewer in the under-10 m inshore fleet. We should be concerned about the impact of any decision on jobs, but let us not forget the devastating impact that unsustainable fishing has had on all sectors, both commercial and recreational. The livelihoods of charter skippers, who take anglers to sea and depend on healthy fish stocks to maintain a viable business, are every bit as important as those of the commercial fleet. Everybody suffers when a fishery collapses, as we saw in the Grand Banks off Newfoundland and in the American striped bass fishery, or as was nearly the case in respect of North sea cod stocks. Future generations will not remember kindly those politicians who duck the challenge of creating the sustainable harvesting of the resources of our planet.

The nub of the argument is that we were promised that Britain's most popular fish in terms of its sporting and eating potential would be managed sustainably, and primarily as a recreational species. That was a promise made in Downing street, and it should be kept. In 2002, the Prime Minister's strategy unit commissioned a report on the benefits of recreational sea angling. That report, "Net Benefits", was eventually published in 2004, to wide acclaim. It said:

> "Fisheries management should recognise that sea angling may, in some circumstances, provide a better return on the use of some resources than commercial exploitation."

Among its recommendations were:

> "Fisheries departments should review the evidence supporting arguments for re-designating commercially caught species for wholly recreational sea angling, beginning with bass by the end of 2004."

That was followed by the findings of the Environment, Food and Rural Affairs Committee, which looked at "Net Benefits" and, in a consensual report on an all-party basis, said:

> "We strongly support the Strategy Unit recommendations to develop the recreational sea angling sector. We believe that the sector, which has considerable economic value, has been overlooked and under-represented for too long."

In its conclusions, at paragraph 141, it added:

> "We support the re-designation of certain species for recreational use and recognise the benefits that this can bring from both a conservation and economic point of view."

It is easy to see the direction of travel in terms of public policy in respect of bass and its value to the commercial and recreational sectors. By 2004, we had No. 10, the Government and an all-party Commons Committee moving in the same direction, and it is fair to say that there were reasons to be cheerful. Rarely for a policy, the process survived the 2005 general election; in fact, it was enhanced by it. In Labour's "Charter for Angling", the Minister's predecessor wrote:

> "It was anglers' concerns for the conservation status of sea bass that has persuaded me to implement much of the excellent bass management plan put forward by the Bass Anglers Sport Fishing Society."

That was before the 2005 election. It goes on to say:

> "The bass management plan has suggested:...Nursery Area additional measures and enforcement to protect juveniles"

and

> "Increases in Minimum Landing Size to strengthen the brood stock."

I accept that the Minister has announced nursery areas. I welcome that and I praise him for that announcement, but it is only part of the picture. The document concludes:

> "Labour welcomes the publication of the Bass Management Plan and following discussion with the authors, has agreed to a programme of implementation."

At this point, it is fair to say that the sea angling community was fairly content with my party, and with the direction of travel in respect of the policy of conserving valuable species. The Minister's predecessor, my hon. Friend the Member for Exeter (Mr. Bradshaw), made good that promise when he launched the DEFRA consultation in 2005 to increase the minimum landing size for bass, in order to produce a sustainable fishery with more and bigger bass for the commercial and recreational sectors. That proposal was based on sound science and in the interests of conservation and the environment. It followed a report from CEFAS, which made it perfectly clear that the sound policy to adopt, which would maximise the yield per recruit, would suggest that

"gains...can be made in all areas by increasing the size at first capture up to about 44-48 cm...At a size of 40 cm at first capture, YPR gains will be small, but significant gains...will be achieved"

in the long run. In respect of the impact on the commercial fleet, the report says that under a scenario of a 40 cm minimum landing size with no discard mortality,

"landings were significantly reduced in the short term...but subsequently recovered to levels similar to, or above, the status quo",

assuming, of course, mesh netting controls and bass nursery areas.

To summarise the matter of policy, it was quite possible to put together conservation measures that would deliver more and bigger bass for the commercial sector and the recreational sector. The question that all sea anglers are asking is, what has changed? What changed the entire direction of travel of policy from 2002 onwards in the past few months? I go back to CEFAS. It is DEFRA's main agency, and leading scientific body, by which Government policy is informed, and from which it is derived. A presentation was made on 1 October by Mike Smith of CEFAS, which said quite clearly that the

"analysis...indicated that increasing the age at which bass were first exploited would improve long-term yields and boost recruitment to the spawning stock".

On a general summary of benefits, it says:

"The chief policy benefit has been the acceptance that protecting juvenile fish stocks works".

The optimum spawning size for female bass is 42 cm. It is a simple act of conservation science that every species should be given the opportunity to breed once. Not to allow that does not promote sustainable fishing policy. Not to do so would not be in the interests of the environment, or in the interests of the oceans.

The consultation was launched. There was a predicable outcry from the commercial sector, but then there was an outcry from that sector when conservation measures had to be introduced in the American striped bass fishery and in the Grand Banks in Newfoundland. The commercial fishermen now welcome those measures, which were put in place to sustain the stocks and allow them to recover. It is important that as politicians we take the long-term view, not the short-term one. My hon. Friend the Member for Exeter took the long-term view in his statement in 2006 when he announced the conclusions of the consultation and his intention to increase the bass minimum landing size to 40 cm from 36 cm, and then on to 45 cm, beyond the optimum spawning size. The DEFRA press release contained quotations from the Minister's predecessor. He said:

"I have listened very carefully to the representations made and have not taken this decision lightly. I have accepted the arguments for a bigger minimum landing size to help increase the quantity and size of bass. This will also give better protection for the stocks. There may be short term costs from this measure before we see future gains but it is vital that fisheries management takes a long term view."

I emphasise,

"it is vital that fisheries management takes a long term view."

That is not my view. Those are not the words of sea anglers, but those of a previous Fisheries Minister. He went on to say:

"The recreational fishing sector makes a major contribution to our economy and it is important that their voice, as well as those of commercial fishermen, is taken into account in fisheries management.

In the future, I intend to increase the landing size further to 45cm, but subject to the results of a review, in 2010"

in connection with

"the measures I have announced today.

The increase to 40cm will bring the minimum landing size closer to the average spawning size for bass...As a result, more juvenile fish will be protected and there would be increased recruitment to the spawning stock. This will in turn increase the number and size of bass available for capture to both the commercial and recreational sector."

He concluded:

"I have taken on board the concerns expressed during the consultation by the commercial fishing sector about the impact of an immediate increase to 45cm and the need for a reasonable implementation period to minimise the cost of net replacement."

It is difficult to establish exactly why the Government have reversed that decision. It is also difficult to understand why the hon. Member for Leominster (Bill Wiggin) is nodding at every phrase that I say. During a recent fisheries debate, he chastised me for supporting a minimum landing size for bass. I have quotations from him that query the wisdom of the Government's going down that road in the first place. Perhaps I should let him speak so that he can explain his absurd attitude.

Bill Wiggin (Leominster) (Con): As we have until half past six, I am most grateful to the hon. Gentleman for giving way. What has changed is that the Government have not responded with an alternative. My difficulty with the minimum landing size as a stand-alone measure was that the purpose is surely to get professional fishermen to change the sort of gear that they use. As a stand-alone measure, the minimum landing size does not achieve that, but as part of the bass management plan it does. That is why I am nodding, why I am pleased that the hon. Gentleman secured the debate, and why I am disappointed that we are not seeing the joined-up thinking on fishing that we were promised by the Government. That is a great shame.

Martin Salter: At the risk of sounding churlish, I must say that those political gymnastics are worthy of the Liberal Democrats, who, of course, are not here. One must welcome support wherever it comes from—be it from the Conservatives, or from other sources.

My hon. Friend the Under-Secretary is a reasonable man. He has sought to be reasonable in everything that he has done. He may have made a decision that, in my view, is fundamentally wrong, but he has attempted to engage all sides in the process. The hon. Member for

[Martin Salter]

Leominster has raised an interesting point. We need to weigh in the balance the impact of establishing nursery areas. We also need to weigh in the balance the impact of increasing mesh size from 80-90 mm, say, to 100 mm.

We need to know what the Minister plans to do about inshore netting. Although bass spawn at sea, there is a mass migration to the coastal waters around Britain, particularly around the west country and in the English channel. Those shallow inshore waters are most vulnerable to commercial exploitation. Not only do we need nursery areas and increased net sizes, but, if we are to do the right thing by long-term fisheries conservation, we need to limit inshore netting and trawling in some of those sensitive areas. Of course, the marine Bill, which has cross-party support, will give us the opportunity to do that.

The Under-Secretary made it clear in his announcement that he is prepared to review the decision. In the face of the science and the change in the direction of travel, what would trigger that review? What would make him question his decision?

Mr. Stephen O'Brien (Eddisbury) (Con): I am sorry to have missed the first eight minutes of the hon. Gentleman's speech because the debate started early. As he knows, I have tabled some written questions about the subject, and I have two active and articulate constituents, Kevin Aston and John Halton, both recreational fishermen, who have made representations to me about the importance of maintaining the balance between recreational and professional sea bass fishing. Has the hon. Gentleman received any intimation from the Under-Secretary or anyone else of why, when the previous Minister marched us a long way up the hill, encouraging us to believe that a new balance would be struck between the interests, we have been marched down again? Has the evidence changed? Has the European Union applied some sort of pressure? Has commercial fishing put pressure on the Government? From where does the hon. Gentleman believe the pressures have come to cause such a significant change? My constituents have been badly let down. They believed that their responsible representations meant that they had some Government encouragement.

Martin Salter: I thank the hon. Gentleman for his comments. Much as Conservative Members would love to blame the European Union for everything from climate change to the price of cheese, its hands are relatively clean on the issue that we are considering.

The Under-Secretary is more than capable of speaking for himself, but I believe that he has taken note of representations from the National Federation of Fishermen's Organisations, which is a well-funded and effective lobby, as, indeed, it should be on behalf of its members. The Under-Secretary has shown concern, especially for the small boat fleets off the south and south-west. Many fishermen are frustrated by their inability to get more of the cod quota. That hit the headlines in recent days.

That does not negate my point that it is incumbent on us to take the long-term view. The science shows that, although the minimum landing size for bass would mean a short-term depletion in the fish available to be caught by the commercial sector, there would be a long-term increase. The Under-Secretary must recognise that. We are considering centimetres—the difference between 36 and 45 cm. That difference means doubling the weight of the sea bass, which is a valuable species for recreational fishing. Just as people spend a lot of money to catch quality salmon—far more than salmon would ever fetch on a fishmonger's slab—people will spend a lot of money to enjoy quality recreational bass fishing on the fly, by bait or by using lures, plugs and spinners.

Bass is an immensely valuable resource, which we should protect. Global warming means that stocks of juvenile bass have risen to some extent, but the recreational fishery is undervalued if only stunted bass are available through the removal of a great proportion of the stock at too early a stage in its life. That is why the decision is wrong and represents short-term thinking. That is bad for local economies in the long run.

Many strategy documents come out of DEFRA, and that is welcome. The Under-Secretary has published the recreational sea angling strategy, which promises more and bigger fish, while at the same time not raising the minimum landing size for bass—the most important fish for recreational sea fishing.

Here and in meetings throughout the country, I have tried to make the Government's case for a sea licence. There is an argument for a sea licence, although I absolutely agree with the National Federation of Sea Anglers that it could be implemented only if sea anglers see a significant improvement in the sport available to them. The decision that has been taken—this extraordinary U-turn—drives a coach and horses not only through the recreational sea angling strategy, but through any attempt that I or others could make to create a consensus on a sea rod licence.

The Prime Minister has talked about vision. We need to talk about vision if we are serious about protecting the harvest that our oceans can deliver for us. My worry is that the decision that has been taken is short-term and lacks the vision to which we must all aspire.

Jon Cruddas (Dagenham) (Lab): My hon. Friend is making a fantastic contribution. As an angler and a member of the all-party angling group, I do not underestimate the significance of the issue throughout the country. I have been contacted by many people about it. Angling is the biggest participant sport in the country, with approaching 1 million sea anglers. With another hat on, my hon. Friend is chair of the all-party angling group. Does he have any plans to convene an emergency meeting to forge an all-party consensus and take the issue forward?

Martin Salter: I think that I have now. I am particularly minded to forge an all-party consensus in light of the helpful comments made by the hon. Member for Leominster, who I believe might have something to say.

Bill Wiggin *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I must remind hon. Members that I have allowed some latitude with one intervention. Regardless of time, Opposition Front-Bench spokespeople are not allowed to make a speech or an intervention in these debates.

Martin Salter: It is probably worth putting on record that the hon. Gentleman was nodding his assent. I would welcome any opportunity to work with hon. Members across the political divide, as I have sought to do on angling and conservation, to see whether we can test, probe and challenge the decision, and encourage the Minister to come forward with the review that he promised.

In conclusion, this is a sad day for sea angling. Bass—one of the few fish that I have never caught—is a totemic species. It is highly sought after and a valuable resource. It was recognised as being worthy of protection by the Prime Minister's strategy unit. We had a fine policy in place. We had done the heavy lifting, but in the final furlong there has been a change of heart. I know that the Minister is a serious politician, so I hope that he will listen seriously to the representations that I and thousands of others will continue to make. I hope one day to return to the House and praise him for making the right decision in respect of an important British fish species.

5.18 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jonathan Shaw): I congratulate my hon. Friend the Member for Reading, West (Martin Salter) on securing this debate, as it provides an opportunity to set out more background to my recent decision on bass and to describe measures that I intend to take with a view to delivering benefits to sea anglers. I am grateful to him for his invaluable work in raising the profile of angling in general and, in particular, for his active involvement with sea angling representative bodies.

I am aware that many of those bodies wanted to come together with one voice. My hon. Friend has worked tirelessly to ensure that that happens, so that there is effective discussion and dialogue with the Government. It makes it much easier for the Government if there is one voice. Bringing those bodies together is not easy work. It is time-consuming work and I am sure that the whole House is grateful to my hon. Friend.

My hon. Friend has said some kind words about me. We have been close friends since we came to the House. One never knows what is going to happen, but when we both walked in here for the first time as Members of Parliament for our respective constituencies in the south-east region, little did he or I imagine that we would one day be discussing this matter from our respective positions. He knows of my high regard for him, and for the way in which he has brought together the sea angling community. I assure him that I will continue to work with him and with that community.

Let me deal first with the decision on bass. I announced on 25 October that the minimum landing size for bass would not be increased from the current EU size of 36 cm to 40 cm. I made this decision after full consideration of the evidence and following a meeting with the fishing industry and angling representatives. I brought together the anglers and representatives of the industry for a presentation by scientists at the Centre for Environment, Fisheries and Aquaculture Science—CEFAS.

Before making this decision, I was aware that the consultation on the issue had generated some 2,800 responses. That is a large postbag for a fisheries issue. The replies demonstrated that views were generally polarised between anglers who were strongly in favour of an increase and commercial fishermen who strongly opposed it. Against that background, whatever decision was reached was likely to be contentious. With this in mind, my approach was to ensure that my decision took proper account of the science and all the other evidence. I was also clear that I would not reach a decision until both parties had had a chance to put their case to me.

The meeting that I convened at the beginning of October gave me the opportunity to hear the views of those who have been closely involved with the debate. Commercial bass fishermen and bass anglers made it very clear to me how important bass was to them. The meeting also gave an opportunity for the scientific advice on bass stocks to be fully debated. This advice from CEFAS scientists has been that the bass stock appears to be fished sustainably and that a succession of successful year classes, together with a suite of effective management measures, has resulted in a doubling of bass stocks since the mid-1990s.

That view is endorsed by the International Council for the Exploration of the Sea—ICES—whose report I have here. ICES advised the European Commission in 2004 that bass stocks around the UK coast appeared to be fished sustainably. For example, it reported:

> "The prognosis for sea bass stocks in the English Channel...is that fishing mortality levels are sustainable...spawning stock biomass levels are as high or higher that they have been over the previous 20 years and that strong year classes continued to be sufficiently frequent to ensure that recruitment maintains both yields and the stock."

The same report also noted that the package of bass conservation measures introduced in the UK in the 1990s—including the creation of 37 key bass nursery areas, which we closed to directed fishing for bass—had met their objectives.

The science—from ICES in 2004 and our own scientific advice—has remained consistent since the consultation. However, the circumstances in which I am making my decision have changed. My hon. Friend was right: I am particularly concerned about the impacts on the under-10m fleet in the short to medium term. It is difficult to quantify the impact on the profitability of individual vessels, but it is clear that bass between 36 cm and 40 cm makes up an important share of the catch for these vessels.

Our regulatory impact assessment identified that, with an increase to 40 cm, the costs to the industry would have been around £1.4 million in the first year, with reduced landings for three to four years, and subsequently recovering to the levels that pertained before the increase. This sector of the fleet has faced a number of additional pressures this year in relation to the availability of quota species. Inshore netters fishing for sole, cod and plaice have been particularly affected in 2007, and, as a non-quota and plentiful species, bass is an important displacement stock for those fishermen.

I am also concerned about the effects of any increased minimum landing size on discards of bass—when fish are thrown back into the sea, often dead. That is a key issue for fishermen and for managers, and the European Commission has recently produced proposals to reduce the number of discards in key fisheries. The largest discard impact would have been on trawlers in the

[Jonathan Shaw]

eastern English channel. At 40 cm, an estimated 55 tonnes of bass would have been discarded—and would probably have died—from UK inshore trawlers each year out of an average trawl catch of around 230 tonnes.

Finally, when I reached my decision I bore it in mind that we now had a clear indication that other member states and the Commission would not support an increased MLS, as we had originally hoped.

I have heard the argument, which my hon. Friend advanced, that the MLS should be increased, as it is currently set below the spawning size for bass. I should clarify that although 42 cm is the average size at which female bass will have spawned once, it is not necessary to introduce an MLS of 42 cm to ensure stock sustainability, given the current scientific advice that the bass stock is being fished sustainably at a MLS of 36 cm.

Mr. David Drew (Stroud) (Lab/Co-op): Having been a member of the Environment, Food and Rural Affairs Committee and having conducted investigations of fisheries in the past, I think it fair to say that scientific advice is not constant, but varies significantly over a period. Is it not better to take the cautious route, and consider whether we should increase the minimum landing size?

Jonathan Shaw: In making decisions of this kind, we have to weigh the competing demands. I am trying to explain why I reached my decision within the competing demands represented by the wishes of anglers who have presented the powerful case articulated by my hon. Friend the Member for Reading, West and the representations made to me by fishermen. I will, however, make some further points which are relevant to what has been said by my hon. Friend the Member for Stroud (Mr. Drew).

I too have heard the argument that an increase in the MLS would have generated an increase in angling activity which would outweigh the financial impact on commercial fishermen. I have some sympathy with that argument, and I accept that managing fisheries to take account of anglers' requirements could develop the sport and lead to increases in angling-related expenditure on items such as tackle, bait, travel and accommodation. Bass anglers have made that point as part of their case for an increase, and my hon. Friend the Member for Reading, West referred to it as well. Our analysis was less certain: despite the large increase in the stock in recent years, the evidence that we had on bass angling showed that the number of bass anglers over a similar period had not changed significantly. Our analysis also showed that many shore anglers would not see the benefits from an increase, as most bass inshore measure less than 40 cm.

Generally there are limited data available relating specifically to angling for bass. I accept that that is a shortcoming, and I aim to address it through a research and development study that I announced along with my decision on bass.

Mr. Stephen O'Brien: I am interested in the fact that the Minister has a research and development study in mind.

One of the greatest expenditures in recreational sea bass angling is the boat. That is certainly the case for those who fish off north Wales and in the Dee estuary in my part of the world. That expenditure is often entered into with a repayment term of some years, so predictability of risk is needed.

Counting the number of recreational sea bass fishermen must also be looked into carefully. I cannot believe that the figures are as constant as suggested, given that I am told by people—even by one of my neighbours—that they fish regularly and often invite friends, who are therefore introduced to the sport in a way that might mean that they are not counted in the statistics.

Jonathan Shaw: I give way to my hon. Friend the Member for Reading, West.

Martin Salter: I thank the Minister for giving way, and I say to him that I have no intention of bobbing up and down to interrupt him.

Does the Minister feel well served by the data put before him? It is not possible to define a bass angler. They are not spawned on the moon and exported down to Britain. Bass is a sporting species. Many trout, salmon and coarse anglers, for example, enjoy bass fishing, but they might not appear in data. From my extensive contacts in the angling world, it is my contention that bass angling is becoming more popular but is at risk as people are frustrated at the lack of availability of decent-sized bass to catch. Baby bass angling has not got a strong future, and that is where we are at present.

Jonathan Shaw: I am grateful for those interventions. I accept that there are shortcomings in respect of the available data. We must improve that, and I will say a little more about the matter shortly. This is an important sport, and we need to understand it better because it makes a significant contribution to communities—coastal communities in particular.

The regulatory impact assessment identified that other measures might achieve the aim of the increased MLS without the substantial cost to the fishing industry. We also need to ensure that the bass fishery remains sustainable. That is the reason for my announcement of a package of measures which will provide benefits for bass stocks and anglers.

The measures include a review of the current series of 37 nursery areas around the coast of England and Wales, which have proved so successful in protecting juvenile bass. We will also be considering having more nursery areas where significant new juvenile populations of bass require protection as a result of climate warming causing bass to spawn further north and with greater success. We will also explore the pros and cons of strengthening protection in the existing areas.

I have announced that we are funding a pilot study to explore whether closing specific coastal areas to fishing would let more bass in local populations grow bigger, and the practicalities of doing so. We will also review inshore netting restrictions where there is the potential to deliver benefits to anglers.

In respect of all those areas, I hope that I can rely on my hon. Friend the Member for Reading, West and sea bass anglers to work with the Department and to ensure that our review process delivers what we all want.

Martin Salter: I assure the Minister that, despite my anger at this decision, I will continue to work constructively

with him and his Department to seek to rebuild the consensus that has been damaged by the decision. I welcome the fact that he has agreed to meet sea anglers next week. I am in discussion with many sea angling bodies, and they are looking forward to having a similar robust but polite discussion with him.

Jonathan Shaw: I am grateful to my hon. Friend for that intervention.

Finally, we are funding the three-year research and development project that I referred to earlier to fill gaps in knowledge about the impacts of different management measures on stocks and, as I said, on economic activity. The study will help to improve our knowledge of recreational sea angling activity and provide a firmer basis for future action.

In moving forward from this decision, I am clear that we need to take a collaborative approach to fisheries management, sharing information and agreeing the way forward. Such an approach will be critical to the success of the other measures that I have described, along with a strategy for recreational sea angling, which I plan to publish soon. I look forward to the work in the near future and to meeting my hon. Friend next week.

My hon. Friend has worked very hard on this issue for the cause of sea bass anglers. I recognise his disappointment and anger. I have received many e-mails from sea bass anglers, many of which were not that complimentary. I understand the passion of those people, and my commitment is to work with them. Although they did not like my decision, they were involved in the process and they saw the information that I received in a transparent way. My commitment is that I will work in that way in the future.

Martin Salter: May I press the Minister on one point? He has been honest with the House, acknowledging that we are talking about a change of policy, but one that was motivated by concern for the livelihoods of the inshore fisherman, particularly the under-10 m fleet. If he is able in his role—to some extent, he has the powers to do this—to improve the prospects of the under-10 m fleet, will he review this decision at the earliest opportunity?

Jonathan Shaw: In announcing my decision, I said that I would review the MLS, but I need to take account of a host of factors, particularly the under-10 m fleet's quota. Within our 2020 vision for fisheries we want a sustainable under-10 m fleet and a buoyant sea angling fraternity. We want all sides to be able to enjoy the sea and the benefits that we derive from it. My hon. Friend referred to the marine Bill, and we will be bringing forward a draft of that in the spring. Many of these matters are pertinent to that. I said that I would review the decision, and I shall do so. We must ensure that we put in place the measures to which I referred. I look forward to working with him and others on those measures, so that we can make progress.

Question put and agreed to.

Adjourned accordingly at twenty-three minutes to Six o'clock.

Westminster Hall

Thursday 15 November 2007

[JOHN BERCOW *in the Chair*]

Financial Inclusion

[Relevant Documents: The First and Thirteenth Reports from the Treasury Committee, Session 2006-07, HC 53 and HC 504, and the Twelfth and Thirteenth Reports from the Committee, Session 2005-06, HC 848 and HC 1717 on financial inclusion: the Government and other responses, Fourth Special Report, Session 2006-07, HC 437; the Sixth Report from the Work and Pensions Committee, Session 2006-07, on the Social Fund, HC464; and the Government response, Second Special Report, Session 2006-07, HC 941.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Steve McCabe.]*

2.30 pm

Mr. George Mudie (Leeds, East) (Lab): If I am out of breath, it is because five minutes ago I thought that I would show my speech to one of the officials—and discovered I had no speech. So, it is possible to get to the other side of the House and back in four minutes, despite being unfit.

I am grateful for having caught your eye, Mr. Bercow, and for the opportunity to open this debate on financial exclusion—or inclusion. I have been asked to speak in the absence of the Chairman of the Select Committee on the Treasury, my right hon. Friend the Member for West Dunbartonshire (John McFall), who has had to return to Scotland for an urgent and unexpected engagement. The whole Committee will agree that he has shown a very strong personal commitment to financial inclusion issues, and he very much regrets his unavoidable absence from today's debate. We are sad that he is not here.

I am glad to see other prominent members of the Committee present, and I look forward to their catching your eye, Mr. Bercow. I also welcome the new Economic Secretary to the Treasury. Her two predecessors, the Under-Secretary of State for Health, my hon. Friend the Member for Bury, South (Mr. Lewis), and the Secretary of State for Children, Schools and Families, showed a commitment to financial inclusion issues and a readiness to respond constructively to many proposals from the Committee. We hope that she follows in their footsteps in such a promising manner.

The subject of this debate has been identified as a priority since the early years of the Government. In 1999, the Treasury published a report estimating that 1.5 million households, and 2 million people living in low-income households, did not use any financial services. It described the adults as mostly unemployed, on benefits and living in social housing. In approaching the problem, the Committee was clear that

"Financial exclusion blights the lives of many millions of people...increases the costs they bear for basic services...makes them vulnerable to illegal or high-costing lending"

and "reinforces social exclusion."

Today, against that background, we shall debate four reports that the Committee produced on those issues and a report by the Select Committee on Work and Pensions that is noted as relevant. I do not intend to summarise those reports; instead, I intend to touch on four main themes arising from that body of work. They relate to savings, affordable credit, banking services, and a financial capability and financial inclusion strategy.

On savings, one of the main conclusions of our financial inclusion work was that the Government's strategy paid insufficient attention to promoting safe savings among the financially excluded. We also felt that the UK savings industry largely did not serve those lower down the income scale at all well. Saving is worth while, even—and perhaps especially—for those on low incomes. The Committee was of the opinion that even a small cushion of savings could make a great deal of difference to the personal finances of those on lower incomes. With that in mind, we were particularly attracted to the savings gateway scheme, which the Government first piloted in 2002. To the disappointment of some, including myself, the Government chose to follow that up with a wider pilot scheme in 2005, instead of running it nationally.

The first scheme was aimed at people on lower incomes, and with the Government matching them pound for pound, it was very successful. Before the scheme started, 52 per cent. of the participants had no savings in a current account, and 25 per cent. did not even have a current account, let alone one with savings. The second pilot appears, however, to have given further useful information, especially on the matter and level of match funding, so my criticism was unjustified. I am nevertheless still anxious for the Government to spread the scheme nationally.

We have emphasised the potential of a national savings gateway scheme to encourage and broaden savings among lower income households. A Government decision was initially trailed as being due in the pre-Budget—

Mr. Andrew Love (Edmonton) (Lab/Co-op): Will my hon. Friend give way?

Mr. Mudie: If I may finish that sentence, I shall give way with pleasure. It is a long sentence, though.

A Government decision was initially trailed as being due in the pre-Budget report, but it has been postponed until next year's Budget.

Mr. Love: I thank my hon. Friend for giving way because I want to touch on this point before he leaves the subject. He knows that one recommendation by the Committee was that the savings gateway should focus on lower income groups. Research shows that when the Government widen the income groups that the gateway covers—up to £25,000, for example—a tremendous amount of dead weight is created. Does my hon. Friend agree that it is important for the Government to understand that recommendation and to focus on people on lower incomes?

Mr. Mudie: My hon. Friend makes a very valid point, which is borne out by examination of the two pilot schemes, and he describes just what happened when the Government extended the scheme. The figures that I have given for the scheme aimed at lower

[Mr. Mudie]

earners demonstrate that it was well taken up and well appreciated. The number of people who went to the maximum with the scheme was very encouraging.

It is worth noting that the Institute for Public Policy Research think-tank costed a national basic scheme aimed at the lower paid at £249 million. That compares with the £2.1 billion of tax relief on personal equity plans and individual savings accounts that goes to anyone, regardless of income, who buys such products, and with the £5.3 billion of tax relief that was given to pensions in 2005-06. I still do not understand why the scheme has not been introduced as quickly as it should have been. It clearly works and it will be targeted at the desired individuals and groups. I look forward to something happening in the next Budget.

Julia Goldsworthy (Falmouth and Camborne) (LD): Is not the child trust fund another initiative that is worth comparing with the savings gateway? The fund is not targeted at low incomes, but it is intended to promote a savings culture. Unfortunately, two in 10 people who walk into a bank do not even get as far as opening an account. Perhaps the Government should consider the split of resources in that area, too.

Mr. Mudie: I note with some sorrow the Liberal Democrat view on the child trust fund. I think that it is a very good initiative, although there is an argument for limiting it to certain income groups. In effect, the Government have done things the other way: giving more to lower income groups. In terms of those groups, I appreciate the initiative. It is a good idea for a young child with parents who would not normally have an opportunity to save.

The Committee also dealt with the matter of Farepak, which caused much unhappiness and disappointment to many lower-income and other families. The Committee examined the security of Christmas hamper savings products, and we were disappointed by the delay in finalising the detail and design of trust accounts, which are the agreed method of protecting savers' money and would have avoided the disappointment of Farepak. Our conclusion was that, provided that the operation of trust accounts proved satisfactory, regulation of the market by the Financial Services Authority would not be proportionate.

Christmas is seen as special by many families, and some who would not save for wider purposes choose to save for Christmas. However, those who decide to opt for such savings schemes need to be aware of all the options. The Committee was underwhelmed by the evidence that we heard from the Office of Fair Trading; speaking personally, it was not the first time that I had been underwhelmed by evidence from that august body. We were collectively underwhelmed by its "Save Xmas" campaign to promote awareness of options. It seemed muddled about the use of national advertising—that is par for the course—and about whether the target was Christmas this year or next. We asked the Treasury to review the conduct of that campaign, and I hope that the Minister will assure us that she is satisfied that all is now well on track.

Finally on this theme, we called for the Government to formulate a more ambitious target for increasing savings among lower-income households. We thought that Government plans required a target against which progress could be measured. That is a new one, is it not—someone asking for another target? We thought that we needed such a target and, equally importantly, that the promotion of entry into savings, as opposed to their availability, had not been addressed. Our report spelled out seven aims that we recommended that the Government consider in consultation with the financial inclusion taskforce. It would be good to be given an update on the progress of discussions on the strategy that the Government and the taskforce are putting together.

The second main theme that I wish to highlight is the importance of access to affordable credit. We identified the key role that the third sector, particularly credit unions, can play in broadening community access to affordable credit. In the case of credit unions, such a role must go hand in hand with the promotion of them as saving institutions. The Government have accepted that a step change in the role of credit unions requires changes to the legislative framework, and they published a consultation document on such changes in June. We urged the Government to publish draft legislation this year. Will the Minister make clear their legislative intentions, particularly on the timing of such legislation? She could make many more friends in the credit union sector and in the House by indicating a commitment to legislate in this Session to replace the outdated Credit Unions Act 1979.

Until the third sector's role is significantly expanded, the social fund will continue to play a vital role as a provider of affordable loans to those on benefits. The Select Committee on Work and Pensions characterised the social fund as being

"in limbo, pending wider Government work on financial inclusion."

Ministerial responsibility for the fund may reside with the Department for Work and Pensions, but the Treasury is responsible for co-ordinating financial inclusion and for public spending. The Minister might well be in a position to tell us at least when the way forward will be clearer.

Access to banking services is a cornerstone of full financial inclusion. In December 2004, the banking industry and the Government committed to the shared objective of halving the number of adults in households without bank accounts and making significant progress in that direction within two years. The Treasury Committee's work highlighted the fact that the performance of high street banks in providing access to basic bank accounts has been variable and showed the importance of progress on the operation of basic bank accounts. The concentration should be not simply on whether such accounts are open; equally important is whether they are used and how.

There are some interesting figures on access in the family resources survey. The 2005-06 data showed that 2 million adults, in 1.3 million households, were without access to a basic bank account, compared with 1.9 million households in 2002-03. So, to be fair, the Government are making progress, but it reminds me of the progress towards the target of halving child poverty by 2010-11. We are making substantial progress on that, but we have set a target of halving it in that time scale and I am not certain that we will do so. Given the figures, neither am I certain that we shall reach the

target of halving the number of households without a basic bank account. The Minister must have the figures. If she is willing to give them, I might be proved wrong—and not for the first time in this august hall.

The Government promised a detailed action plan following the announcement of the 2007 comprehensive spending review—from memory, that took place earlier this month. Will the Minister tell us when the plan will be unveiled? I am also mindful of the assurance from one of her predecessors that if the voluntary method failed, legislation would not be off the table. I and the Committee look forward to hearing how the action plan is progressing and when we will be put in the picture.

Although fully operational accounts remain the ideal for all, the Post Office card account and its successor will continue to play a crucial role for many people in receipt of benefits. Indeed, that is crucial for the economics of the post office network. It is clear that the Government did not handle the early stages of the change well. In essence, they pulled the carpet from under the Post Office and then held out the prospect of a new carpet in due course. We are still waiting. The Trade and Industry Committee highlighted concerns about the limited functionality of the successor to the Post Office card account. On the basis of the steps forward that are said to have been taken with the implementation of money laundering regulations, it remains unclear why the Government appear to have ruled out the possibility of making cash deposits into such accounts. Will the Minister explain why that is the case and whether she shares her predecessor's confidence that the successor regime to the Post Office card account will strengthen the post office network?

Many of us in the House—here I am not speaking for the Chairman or the Committee—are bemused by the Government on the one hand saying how important post offices are and how they must be protected and, on the other hand, taking so much important business from them. The successor to the card account is the most crucial matter of all; it has been put out to tender, and God knows what will happen to the Post Office if it loses the business. The Committee would welcome answers to the questions that I have posed on its behalf.

Before I come to my final theme, it is appropriate to mention one success story that reflects not only the diligence of the Committee—its members are particularly diligent, when they have their microphones off—but the passion and determination of our sadly absent Chairman. That is the matter of access to non-charging cash machines.

Following a series of proposals made in the Committee and a debate in this Chamber, a working party was set up, chaired by my right hon. Friend the Member for West Dunbartonshire. Thanks to his energetic and forceful chairmanship—those are not mere words, as he has put his heart and soul into the chairmanship, made the issue personal and pursued the banks and operating companies with a vengeance—the banks and other operators have agreed to place 600 non-charging machines in targeted lower-income areas. As of June, 471 of those machines had either been installed, or were being installed at identified sites. That is an excellent example of something practical that helps to combat financial exclusion. In future, anyone who uses one of those free machines should realise that they are using a McFall.

Mr. Love: I am sure that the Chairman will be heartened by my hon. Friend's comments, and I endorse everything that my hon. Friend has said. In my constituency, we have been allocated six such machines. In a community in which the average takeout from a cash machine is £15 to £20, not being charged to take out money makes an enormous difference to people's finances.

Mr. Mudie: One benefit of the Committee's hearings and robust examination of witnesses was that people who did not realise that they were being charged when they used machines became aware of that insidious practice. Thanks to the Committee, people are now told whether a machine is free before they use it. That is an enormous step forward.

Julia Goldsworthy: The expansion of the number of cash machines that do not charge is very welcome. The money that is withdrawn from those machines has an immediate impact when it is spent in a local community. However, in many communities, particularly in rural areas, the post office is the closest place at which people can access their money. Does the hon. Gentleman agree that the ability to withdraw money from some bank accounts free of charge at post offices is welcome, and that other banks should be encouraged to let their account holders do the same?

Mr. Mudie: I strongly support any move to ensure that the closure of post offices that serve communities well should be a last resort. I know that there are financial cases where only a dozen people use a post office, for example, but I have heard of a second wave of proposals in my constituency to close popular and well-used post offices. That would be a grave mistake.

The Chairman and the Committee have done a great job of forcing banks to put the free machines in—I am not sure whether I have made this point clear, so I shall use specific wording—specifically chosen locations.

I shall conclude with some remarks on the financial capability and financial inclusion strategy. Financial inclusion is not just about income. People's capacity to use financial services depends on their education and awareness, but the FSA's baseline studies show that financial capability is worryingly low. That problem needs to be tackled through the school curriculum and adult learning, as well as public awareness campaigns. I am certain that the appointment of the previous Economic Secretary as the Secretary of State for Children, Schools and Families will help to ensure that the Qualifications and Curriculum Authority, in particular, is properly seized of the importance of this issue.

I pay tribute to the Government on this issue, which is another that has been pushed by the Chairman and backed by the Committee. Both the issue and relevant long-term beneficial effects have been drawn to the Treasury's attention and, to be fair to the Treasury and the Chancellor, the money that has been invested as a result is doing good work and is very much appreciated. I see from the pre-Budget report that that is to continue, so thanks and congratulations are in order.

[Mr. Mudie]

Financial education is just one area of financial inclusion in which action by a range of Departments is required. The Government have promised much in this area. They have established a ministerial working group and indicated that an action plan will be published before the end of this year, but are they delivering? How often has the ministerial working group met and what has it achieved? Will the Minister confirm that the action plan is on track for publication this year? Her reply on this matter and others that I have raised will help to indicate whether financial inclusion is at the heart of her work, as it has been at the heart of the Treasury Committee's work.

2.55 pm

Mr. Michael Fallon (Sevenoaks) (Con): I hope that you will agree, Mr. Bercow, that we are indebted to the hon. Member for Leeds, East (Mr. Mudie) for introducing the debate. There are many reports before us, and it is a tribute to your assiduity that probably only you, Mr. Bercow, will have read them all in detail. I hope, therefore, that you will excuse me if I do not touch on every aspect of every report.

The subject that we are debating is a key issue, and it is right that the Treasury Committee should have spent so much time on it. Indeed, the more time that we devoted to it, the clearer it became to us that it was an area of public policy failure in several respects. First, it is far too easy to get into debt. There has been a high demand for credit, possibly because of low inflation or relatively low interest rates, and its price has dropped accordingly. We have an innovative, competitive, financial service industry. I have no criticism of that, but because the demand and market for credit has expanded, we have been flooded, as we are all familiar, with various offers for credit cards, credit card checks and the rest. It has been far too easy to get into debt.

Secondly, because it has been too easy to get into debt, the most vulnerable people have suffered the most. There has been careless lending and a lack of data-sharing, and although vulnerable people have not been specifically targeted, they have been the victims. We know from our constituency casework that those who get into trouble financially might have other problems or addictions to drugs or alcohol which mean that they get into a spiral of decline.

Thirdly, as the hon. Gentleman illustrated, financial capability is appallingly low. There is a lack of numeracy in our schools and we simply do not understand that to be innumerate as a citizen is just as great a handicap as to be illiterate. Innumeracy leads to poor decision making, which, if repeated, leads further and further into debt.

Fourthly, I do not want to moralise, but I think that there has been a change in the culture of credit. It used to be frowned on—certainly, where I was brought up in Scotland—but is no longer seen as wrong or dangerous. Indeed, it is not even perceived to be morally neutral; it is presented as being wholly legitimate and beneficial—almost democratic in allowing an entry point to an increasingly materialistic society. That change has contributed to the failure of public policy.

Finally, there has been an almost total collapse of our savings culture. The blame for the first four factors cannot necessarily be laid wholly at the door of the Labour Government, but blame for the collapse of the savings ratio can firmly be laid at their door. We simply are not saving enough as a habit, and we are not saving enough to deal with sudden emergencies. As a country, we are not saving enough to see us through an increasingly longer old age, or to help members of our families who get into difficulties.

How do we tackle those issues? I have several suggestions to put to the Minister and to my hon. Friend the Member for Fareham (Mr. Hoban) in his preparation for the next Conservative Government. First, we must continue to tackle the doorstep home credit market. I do not want the industry that offers non-standardised products to be wiped out by excessive regulation, capping of interest rates and so on. On the contrary, we need to keep that non-standard market open and honest. More transparency is needed, particularly in respect of the guidelines that apply to agents. We need better data sharing, and we need constantly to ensure that the home credit market is adequately regulated and that it continues to offer those who rely on it products that are easily understood.

Secondly, we need to do something about credit unions, which have a remarkably small share of take-up. I believe that it is only 1 per cent. It is much higher in other advanced democracies, such as the United States, Australia, New Zealand and Canada. We need to go further in this area. I applaud the commitment of the Economic Secretary, which was expressed in her 25 October announcement. A commitment to greater competition, more flexible membership qualifications and the use of electronic communications is extremely helpful, but I urge her to go further in liberalising the market in which credit unions operate. I do not understand, for example, why they should not be allowed in the fullness of time to determine their own common bond. Do we need a minimum age requirement? Why should they not pay interest on savings? Why should they not be allowed to deal with organisations in the same way as they deal with individuals? This seems to be an area, if the Economic Secretary is taking an interest in it, in which it is possible to do a great deal more, and I look forward to hearing further from her.

Thirdly, there are the banking practices to which the hon. Member for Leeds, East referred. The Select Committee has done useful work in that area. As a result, we now see clear information on our credit card statements about the actual cost of interest, and there are clearer warnings about repayment. However, lenders should understand that we will not hesitate to return to the subject if we see further obfuscation or delay in ensuring that that aspect of banking practice is as open and transparent as it should be.

Fourthly, as I have said before, too many individual voluntary arrangements have been concluded, and probably too rapidly. There is a danger in that, because once an IVA is concluded, it inhibits the debtor's future ability to access credit products. I suspect that as the credit markets tighten, a sub-class of people will be created who will never again be allowed to access credit markets in the way that they did because their IVA will stand for ever on the public record. I suggest to the Economic Secretary that there may be some scope for introducing more independent advice before arrangements are signed and sealed.

Fifthly, there is the role of education, which no Government have got right. Much good work on financial education is being done, but it is all over the place. Some is being done in the City, some by the Financial Services Authority, some by the Department for Education and Skills—or the Department for Children, Schools and Families, as it is now called—and some has been promoted by the Treasury. The more that members of the Select Committee considered the matter, the more we came to the conclusion that it was a mess. There needs to be clear guidance from the centre—one Department in charge—and a firm programme. I am no fan of targets, but perhaps this is one area for which there ought to be a target. We need urgently to improve the work that is being done in respect of financial education and to ensure that it is better focused.

Finally, we ought to do more to help the agencies that deal with debt. Sevenoaks has an active Christian counselling service that works extremely hard, but of course it depends entirely on volunteers. It receives no help from anybody. Why should a service such as that not be able to access some of the funding streams that are available? More controversially, there is the role of our citizens advice bureaux. Every Member of Parliament knows that they carry a large work load. The Government support the work of the bureaux. I note that last year they gave £40 million to the National Association of Citizens Advice Bureaux, now called Citizens Advice. However, a large chunk of the funds never in fact reach the bureaux in our constituencies. Much of it is spent centrally. I note that some £3 million is spent centrally on "influencing policy makers". Nationally, Citizens Advice has a wage bill of more than £15 million and employs more than 400 staff. Eight directors are paid more than MPs. The 3,000 bureaux in our constituencies are not able to access the money that the Government make available because it is filtered through the national association. Indeed, things are actually the other way around. A citizens advice bureau must subscribe to the national association and pay a membership fee.

The Government have provided some useful individual, selected funding streams to Citizens Advice. I urge them to consider again how the central grants are given and to ensure that more of the money gets through. Otherwise, the burden falls on our local authorities, hard-pressed as they now are. My council, which has to cut another £1 million from the services that it operates, obviously has less scope to make the grants that it used to make to the Sevenoaks and Swanley citizens advice bureaux. Therefore, there is a case for looking again at the £40 million and seeing whether more of it could be channelled into local offices.

Mr. Love: I have some sympathy with the hon. Gentleman's argument, but does he accept that the CAB needs a central organisation in order to maintain the highest standards in offices around the country? Does he accept that a central organisation is needed for high standards of IT, which makes the job of local offices much easier? Therefore, while I understand the criticisms that he is making, there is a strong justification for a central organisation.

Mr. Fallon: I certainly accept that there must be a central organisation, and that many grants are made for improving IT in individual bureaux. My point is simply that a balance must be struck. If the Government allocate £40 million to such work, I would like to see more of it pushed out to the bureaux themselves. It may simply be a question of redressing the balance.

Other colleagues wish to speak in this important debate. I know that the Government have already accepted several of the themes and have made commitments in respect of them. I very much look forward to the Government's response and to the response of my hon. Friend the Member for Fareham.

3.8 pm

Mr. Andrew Love (Edmonton) (Lab/Co-op): I welcome you to the Chair, Mr. Bercow. I cannot do so without a tinge of regret, as I believe that your talents are much better used on the Floor of the Chamber.

I also welcome the Economic Secretary. She takes a great deal of interest in this subject, and I look forward to her contribution. I apologise to her because I shall raise quite a number of questions—some have already been covered, but there are others—and I hope that she will at least be able to touch on them.

This is an important debate. To put the matter at its simplest: poor people pay more. I can give hundreds of examples of that, but let us take the case of the utilities. Paying by direct debit is incredibly cheaper than paying by cash. That goes through our whole economic system, which is becoming much more focused. Therefore, there is a need for financial inclusion, which will allow people on low incomes to help themselves. We need to deal with such matters, and the reports touch on many of them. Although all the issues raised in our reports are important, the critical factor is that people should have a bank account. Bank accounts are a gateway into the financial services system and the first key to reducing financial exclusion.

I start by echoing something that my hon. Friend the Member for Leeds, East (Mr. Mudie) said. When we first looked at the subject, we agreed with the Government that we should reject going down the legislative avenue. Indeed, we did so even though we had been to the United States and been mildly impressed by how the Community Reinvestment Act was working, although we recognised that the American system was different from ours. However, we felt that we needed to give voluntary endeavour an opportunity and to see whether it was working. Now that we have had time to see how things have developed, is the Minister still convinced that voluntary action by everyone in the financial services sector is delivering what the Government want?

My hon. Friend mentioned four areas, but I shall telescope them into three, and they were covered in the reports that we issued some time ago: access to banking, affordable credit, and financial capability and education. Let me start with access to banking and the basic bank account, although I shall touch on the Post Office card account and its replacement. In 2004—round about when we started our inquiry—about 2.8 million individuals did not have a bank account. The Government and the banking sector agreed that we should have a target of halving that number going forward, but the Committee's investigation showed that there were several difficulties in the way of achieving that. Many customers have problems setting up basic

[Mr. Andrew Love]

bank accounts or, indeed, any bank account. The money laundering regulations are regularly mentioned in the House, and we found many instances of banks asking for high levels of information before bank accounts could be set up, and there was some concern about that. There were also concerns about whether bank accounts performed useful functions once they had been opened for customers.

We did not find great enthusiasm in the banking community for dealing with such things; indeed, many banks privately accused each other of not doing enough, while saying that they themselves were doing a great deal. There was therefore just a little legitimate concern about whether they were fully committed to a programme of ensuring that everyone had a basic bank account. Of course, there was some resistance from customers themselves, many of whom opened accounts only to extract the money almost immediately without making any use of the account, which is a difficulty. Furthermore, many Post Office card account holders have shied away from involvement with the banking sector, and there are issues that need to be addressed in that respect. However, as was said, we could not get real-time figures for how the banking industry was doing on basic bank accounts. We know that many accounts have been set up, but it was difficult to form a view. I therefore wonder whether the Minister has been able to elicit information from the banks on how well we are doing on achieving the target that was mutually agreed by the Government and the banks.

I want to touch briefly on a number of other issues relating to basic bank accounts. The basic bank account arose out of research carried out by the social exclusion unit, but much of the evidence that we took suggested that it was not designed effectively enough for those for whom it was intended. Let me give just two examples to highlight that. First, it takes ages for money to get into people's accounts when they cash a cheque—an absolutely crucial point for people on low incomes. The British banking system has a pretty appalling record on getting money into people's accounts, but the situation was even worse for basic bank account holders. Is anything being done about that? Secondly, small buffer overdrafts would give people confidence when dealing with their account, and quite a number of banks already have them, but most do not, and that is really important. In this regard, I could also mention parity of esteem because many people with basic bank accounts cannot use the bank itself—they cannot go in and cash a cheque because they are not allowed to do so, even though ordinary bank account holders are. My question, however, is whether we are achieving the objectives and targets that we have set ourselves for basic bank accounts.

We know that the Post Office is critical, and 24 million customers go through its network every week. The Post Office card account has just under 4 million members, 1.2 million of whom are on benefits, so it is a critical part of the lower-income sector. We know that there are major problems with getting people to migrate to an ordinary bank account or a basic bank account, and no one underestimates those problems; indeed, that was part of the inspiration behind the introduction by the Department for Work and Pensions of the procurement process that was mentioned. As we have been informed, there is now talk of a Post Office card account No. 2, and I have a number of questions about that. There is the issue of functionality and of whether people can save with the new account. We need to take decisions and to give considerable thought to how we can make the account more attractive to customers. We need to think about how we can make it more relevant, rather than trying to put people off, which will not succeed. What progress is being made? What discussions is the Minister having with the DWP on the subject? Of course, such discussions will feed into the Treasury's targets for basic bank accounts and for ending financial exclusion.

I must mention two other issues. Free ATMs were mentioned, and most of the ATMs in post offices are free. However, some—interestingly, they are mainly in deprived communities—are not because, the Post Office tells us, they would not be viable if they were free. While researching our report, therefore, the Committee asked the Post Office whether it was ensuring that customers who used post offices knew that those machines were not free, and it is important that we get some reassurance that that is the case.

The other issue relates to bank accounts. Many people with bank accounts—not basic bank accounts, funnily enough—cannot use the post office because the Post Office and certain banks have failed to reach agreement. I understand that commercial sensitivities and difficulties will be involved, but that does not help the customer base—the people whom we want to ensure can use post office services—and I wonder whether there is any discussion of those matters.

Both previous speakers mentioned affordable credit. I shall start with the social fund, although I do not intend to deal with it at length, because it is not part of the Minister's responsibilities. However, the Committee asked for the fund to be reviewed, expanded and improved, and that is tenor of the report by the Select Committee on Work and Pensions, which is part of our discussions. Is the Minister talking to her opposite numbers in the DWP? Is consideration being given to expanding the social fund? Many people, including members of the Treasury Committee, believe that that could have a major impact on addressing the problem of affordable credit in the sector of the economy that we are discussing.

I certainly endorse several of the Government's actions. I strongly welcome the action on illegal lending and the work being done in Birmingham and Glasgow, which is now being expanded to other cities. That is excellent. I welcome the work that is being done on home credit. The hon. Member for Sevenoaks (Mr. Fallon) mentioned home credit, and of course there was a super-complaint. The Competition Commission has reported on that, and data sharing was one of the issues that it touched on, as well as competition matters. We welcome those moves. Credit card charges have been among the concerns of the Chairman of the Select Committee, and we must be ever-vigilant about that.

My question about affordable credit relates to third sector lenders. Originally, community development financial institutions were funded through the Phoenix fund. When it was decided that that should be removed, we set up the growth fund, which provides

£36 million. I know that the Government have announced that they will not continue the tax relief for deprived areas, and there is some concern in the third sector that if, as it appears, the Government are moving towards removing support from the third sector, it will not be able to respond to need. I seek some reassurance from the Minister that the third sector is still very much in your sights and that support will continue.

I shall not go into the Credit Unions Act 1979, except to say that credit unions can and should play a much more important role. They are very marginal to our considerations of affordable credit, but they could be more central. For that to happen, they would need to be further deregulated, by an Act of Parliament, as a matter of urgency. I understand that the Minister has indicated that the Government will publish a Bill in the next week or two and we welcome that.

The Economic Secretary to the Treasury (Kitty Ussher) *indicated dissent.*

Mr. Love: They are not publishing it. I was told that it was likely that a Bill would be published as a consultation document. Perhaps the Minister could enlighten us about where things stand.

The final thing that I want to say about affordable credit is that we hope that the unfair credit relationship test in the Consumer Credit Act 2006 will allow those who are provided with unreasonable credit to take legal action. That course was not really available to such people under the Consumer Credit Act 1974. However—and the Minister will be aware of the responsible lending campaign that is under way inside and outside Parliament—there is some concern about that matter. I strongly support the Act and I believe, and all the evidence suggests, that we should not introduce a cap; I believe in the Government's approach. However, it is also important to try to ensure that bodies that can lend money do so responsibly. I should like the Government to run an advertising campaign to provide information in that context. It is not just a case of "buyer beware" for the consumer. There should be some responsibility on lenders to lend responsibly.

On financial capability, financial education and the problems connected with upwards of 15 to 20 per cent. of society being functionally illiterate and innumerate are an educational challenge. I understand that there is movement towards more financial education in the curriculum. Indeed, the GCSE maths curriculum has been expanded to include it. I wonder what discussions the Minister is having about carrying that forward. The Financial Services Authority is doing some sterling work on that with its national strategy for financial capability, and the Government should give whatever support they can across the board. The primary responsibility lies not with the Treasury but probably with the Department for Children, Schools and Families. However, it would help enormously if Treasury Ministers would talk to the DCSF about the importance of financial education.

I finish with a few words about generic financial advice. The important thing to recognise in this context is that the description "generic" means that there is no product recommendation at the end of the advice, ensuring that the advice need not be regulated. There is concern about the line between regulated and non-regulated advice. The Government could help to resolve that and ensure that it is possible to know exactly which is which. I welcome the setting up by the Government of the Thoresen review. I understand that the interim report has now been issued, and pilots have been set up to study the different types of platform from which the advice could be provided. It has been suggested that provision should be independent and impartial, based on a national model, which I think everyone accepts, and that it should be built on existing structures; that is also probably accepted across the industry. We know the advantages: there will be major advantages for the industry if consumers are better informed and there will be advantages for the Government, not least connected with the new accounts that will be set up under the Pensions Act 2007, and the new agency will have a critical role in ensuring that people understand the benefits of that.

There are several issues that I wanted to raise with you—I am sure that I will not get an answer today, but I shall raise them anyway—

John Bercow (in the Chair): Order. I am genuinely loth to interrupt the hon. Gentleman. It has been a fairly seamless progression, but he has used the word "you" several times. I am not a participant in the debate, and I am sure that the hon. Gentleman has the Minister in mind, but debate flows through the Chair.

Mr. Love: I apologise for getting somewhat carried away in my enthusiasm. I shall try to maintain the formal way in which we address each other in the House.

There are two issues on which I hope the Minister will be able to give me some reassurance in connection with Thoresen review and the final report, which will come out early next year. First, I should like some conclusions about funding. Will there be a mixture of funding and will the industry contribute as well as the Government? Secondly, the Treasury Committee recommendation was that the advice should be focused on people on lower incomes. Yet Thoresen has suggested that all consumers should be able to approach the new organisation. I accept that decision in principle, but one might be concerned to ensure that the people on whom the initiative is primarily focused—those on lower incomes, who need the support more, I suspect, than people further up the income scale, who are better prepared, and more involved in the financial services sector—should not be excluded as a result. There are many examples—Sure Start is the perfect one—of initiatives that were intended entirely to be focused on those on low incomes and those who are excluded, but which have in many ways been much better used by people further up the scale. Perhaps the Minister could provide some reassurance on those two points.

The Treasury Committee very much supports the Government's strategy on this matter, and we want to help their work in whatever way we can. We consider the matter to be one of some urgency, and if we can work together, and the Minister can continue with the work so ably carried out by her predecessors, we can begin to have a real impact on financial exclusion.

3.28 pm

Mr. Colin Breed (South-East Cornwall) (LD): It is a pleasure to make a contribution to this important debate. It is a pity that it is on a Thursday afternoon, but that is always the case for such debates. I do not apologise that I shall discuss many issues that have already been covered. They are the main areas of the body of work that the Treasury Committee has done, on which it should be congratulated. There has been some very good work. There have been many other contributions, however, and in the past few months a large number of reports have come in the post or been slapped on our desks. It is not just MPs, or the Treasury Committee, who are concerned about financial inclusion or exclusion. Some young people, as well as middle-aged and older people, face fundamental problems in managing their money and taking control of their financial affairs.

That set me thinking about what banking was like when I left school and joined the Midland bank 43 years ago in 1964. A bank account was a privilege, and was certainly not enjoyed by the vast majority of people. There was a multiplicity of banks, not only the ones that we know today, but others with strange names such as Williams and Glyn's, District, the old National Provincial and so on. Flourishing regional Trustee Savings banks operated effectively in all parts of the country, and there were many post offices where people had Post Office savings accounts. People had multiple opportunities to move money about, but banking was the preserve of the wealthy, not hoi polloi.

There has been a huge change in 40 years. There used to be a culture of saving for a rainy day or to buy something, but credit now proliferates. The other day, I asked some young people what they thought about savings, and it became clear that their savings or their emergency fund was the difference between the balance on their credit account and its limit. That provided them with the ability to meet unexpected bills, and the idea of having money saved in some sort of savings account had not occurred to them. They seemed to think that that was a quaint relic of a bygone age. I shall say more about that in a moment.

Bank accounts have changed enormously. They are no longer a privilege, but are essential, and it is almost impossible to operate without them today. So many payments, including salaries, go directly into bank accounts, and everyone wants people to use bank accounts, standing orders and direct debits. They are a necessity for everyone, but a significant number of people still find it extremely difficult to obtain a bank account, even today.

Some banks use rules designed to prevent money laundering to deter people from having bank accounts and to restrict such accounts, which is wrong. I have had to help someone who was having difficulty in opening a bank account, and I urge the banks to recognise that such accounts are no longer a privilege on which they can make a decision, but are a necessity and that they must respond accordingly.

Before going too far on ATMs, I applaud the fact that a free one was installed in my constituency some time ago. I was privileged to open it and to take out not my money but the bank's money, and to give it to a charity. All ATMs should be free, because they were introduced not as a service for bank customers, but to reduce the banks' costs at the counter and the necessity for them to increase the size of their branches, and to keep some branches open. ATMs have made a massive contribution to banks' profits and it is obscene to charge for the use of them, because they were intended not as a service for us, but as a means of reducing costs.

We must exert continual pressure and ensure that basic bank accounts are available to everyone who needs them. I mourn the loss of Girobank. What would the Post Office give today to have the Girobank mechanism available to it? I do not know how much it was sold for, but I believe that it was about £50 million. It was probably the worst ever decision because of its effect on financial exclusion.

On savings, there has been a cultural shift since the bygone age when people put money aside for a rainy day, unexpected emergencies and bills, or an expensive purchase. People now rely almost completely on credit, and we must restore the savings ethos. The hon. Member for Sevenoaks (Mr. Fallon) rightly pointed out that the savings ratio is now so low as to be almost insignificant. The banks have contributed to that because, as they have relied less and less on retail deposits, they have been able to reduce interest rates. The margin between their interest rates on deposits and those at which they lend money has increased significantly, and because of the huge increase in wholesale deposits they have not valued their customers' deposit or savings accounts.

We all know that banks have concentrated on the more lucrative end of credit. The way in which that has been promoted and sold is a problem, and young people are targeted. Only a year or so ago, my son received from his building society a wonderful offer of an extra £10,000 on his mortgage with a reduction in his monthly payments. He thought that it was a good deal to pay less every month and to receive an extra £10,000. I asked him what he wanted an extra £10,000 for, and he said that he would find something to spend it on. I then asked him whether it had occurred to him to wonder how the building society could lend him another £10,000 and reduce the monthly repayments. It did not take long to work out from the very fine print that the term of the mortgage would be extended, and that the total amount of interest that he would ultimately pay would be hugely more. In his rather ignorant way, he thought that the building society was giving him £10,000, but he would have had to pay significantly for it. Such marketing and use of credit is not helpful, to say the least.

The hon. Member for Leeds, East (Mr. Mudie) chided the Liberal Democrats' view of child trust funds, and I have some sympathy with his views, but a limited amount of money is available and a balance must be struck. I hope that the Government will introduce a culture of saving, but that is yet to be proved. People should start saving early and continue saving throughout life. At a number of forums at which I have spoken I have suggested that people should try to have at least one month's salary somewhere. We have all had people come to our surgeries in desperate need of a relatively small sum. They may need to use their car to go to work. If it does not pass its MOT, they may need suddenly to find £300 to keep it going, but have

only £25 and do not know where they can find £300. It is amazing that relatively small amounts can knock people sideways.

We should encourage low-cost savings and investment products for low amounts so that people have easy access to simple accounts to save relatively small amounts of money, and a cushion for emergencies. That requires a basic advice regime. I wondered what that was, and page 40 in volume 1 of the 12th report describes it as

"a short, simplified form of savings and investment advice. Consumers are taken through a series of pre-scripted questions to identify their financial priorities and determine whether a product from within the range of low-cost regulated saving and investment stakeholder products is suitable for the customer."

I thought that that was an excellent idea, but I have not heard much about it, which is not surprising because paragraph 94 states that the magazine, *Which?*,

"saw 'no evidence that the basic advice regime is encouraging retail insurance firms to actively target consumers on lower median incomes'. Mr. Tiner"—

of the Financial Services Authority—

"admitted that 'very, very few financial institutions' had signed up to offer products under the basic advice regime. The FSA submitted a list of the 46 organisations that had signed up to offer the basic advice regime. Of these, there was only one major insurance company and no major high street banks, with the overwhelming majority made up of small Independent Financial Advisers."

It would help if the Government gave some recognition to the section of the report that deals with the subject of basic, simple advice to save, and perhaps the FSA ought to get on with conducting its full review of the basic advice regime and report to Parliament at some stage. Savings must be given the same priority as credit, borrowing, or access to financial services in any financial inclusion strategy. Indeed, savings must be at the heart of any such strategy. Even those who find life difficult need to understand that saving a small amount over a long period may help them to begin to climb out of their difficulties.

Much of what I wished to say has been said, but I shall say a few words on credit unions. Credit unions do a good job, but at a low level. There are around 550 credit unions in England, Wales and Scotland. Their objectives of thrift, control, savings, providing fair interest on credit and helping people manage their financial affairs are good—absolutely wonderful. The unions have been growing more strongly, but they are still at a low base—they have only around 500,000 adult customers, which is a small number against the number that they ought to have. That is partly because they are not easily recognised for what they are. The phrase "credit union" does not express the nature of such organisations. For a long time I have said that I should like the sector to be greatly enhanced, perhaps by unions joining together and marketing themselves as community banks. The community banking network—the not-for-profit sector—in America is particularly strong and makes up a huge part of the total number of financial services organisations. We ought to rebrand credit unions as community banks. I should go so far as to say that if the credit unions in my part of the world in Cornwall grouped together and called themselves the "Cornwall Community Bank", the community interest and support and the range of people who would become interested would be significant. Such an organisation would do a lot more work among the financially excluded.

I hope that we move towards a more liberal regime for credit unions, as the hon. Member for Sevenoaks said, and in particular enable them to be more market oriented. Calling the unions a community banking network is about ensuring that an organisation does what it says on the tin—the unions are not about credit; they are about savings. I do not know what a union of credit is and I do not believe that the phrase "credit union" gels.

On financial education, I wish to pay tribute to the Personal Finance Education Group. It has sent people to see me and I have attended two conferences in my part of the world, both of which were well attended by a range of people, which demonstrates that many people are interested in the subject and the group's work in schools. I pay tribute also to HSBC, which might ultimately pay my pension, for its support for financial education. There is a lot of work to be done and I believe that schools ought to grasp the issue. Schools have a lot to do, but financial education is too low key. It has become almost a tick-box exercise. Schools provide financial education in the sense that they mention it in a personal or social health or citizenship class or some such, and so are able to tick a box six months later. That does not provide what we need. Financial education needs to be more structured and mainstream. Teaching staff need to understand exactly what they must do. Those things will happen—they must—but the sooner the better.

I am always struck by the fact that, in Japan, there are only about 180,000 of what we know as chartered accountants, which is not a lot compared to our country. The reason is that everyone studies accounts in Japan's mainstream education system—it is part of the curriculum—and has a basic understanding of budgeting, accounts, spreadsheets and so on. We must go in that direction and have more people take personal finance examinations, perhaps instead of general studies. An A-level in personal finance would educate people and provide them with a qualification that could help their future careers.

Once again, I applaud citizens advice bureaux. Without them, my service to my constituents would not be what it is and my surgeries would not function as well as they do. Many bureaux rely on local government support, but that is being squeezed all over the place and a number of bureaux are finding things difficult at a time when they need more resources. They are being squeezed from two sides: more people are coming through their doors with more needs, but it is difficult for local government to continue to provide the generous funding that it has provided for a long period. There ought to be some recognition of the tremendous number of volunteers. They undertake a great deal of training and understand some of the legislation on pensions and benefits better than people in Department for Work and Pensions' offices, yet they work for nothing. We ought to value their work and recognise that they need support.

In summary, first, we need a greater emphasis on savings as opposed to debt. Secondly, we need to create a community banking network to tackle financial exclusion on a more formal basis. Thirdly, we need more education, not only for young people but for everybody. We need to provide basic advice and information to enable people better to control their affairs. We will be a healthier society for it.

3.48 pm

Mr. Philip Dunne (Ludlow) (Con): I come to the debate as a new member of the Treasury Committee and I was not present for the evidence-taking sittings from which the reports were compiled. I have therefore read them cold, as it were, but I have found aspects of what the Committee deliberations brought out to be revealing. I approach the issue from the perspective of the rural constituency that I represent. I am chairman of the rural services all-party group, which has looked at the impact of the closure of post offices on the provision of financial services in rural areas. I have also taken on the role of secretary of the post offices all-party group, and I shall focus on financial inclusion in rural areas wearing those hats.

Contrary to popular belief, many rural areas, including Ludlow, have substantial pockets of deprivation. Average incomes are significantly lower than average incomes nationwide. Many people have limited access to financial products or services, not only because of the geography—there is a relatively small number of bank branches or post offices within an accessible distance—but because technology, which is the focus of the delivery of services in both the private and public sector, is, to a large extent, not as readily available in remote rural areas as in towns. For example, broadband is more or less universally accessible now in towns, but in remote areas the topography and distances are such that the BT lines that deliver broadband are not equipped to deliver it to households, so it is not good enough to say that individuals can access services online, because they do not have an online service that will receive the technological feed.

That brings me to my first point. The Government are increasingly looking to technology to solve many of the problems of financial exclusion. I accept that they need to put the technology in place, but for the most vulnerable in our community, many of whom are of an age at which there is no realistic prospect of their being able to access technology to receive services or product delivery—*[Interruption.]* I apologise, Mr. Bercow; I thought that I had turned my mobile phone off.

Kitty Ussher: Problems with technology.

Mr. Dunne: Indeed. It takes longer to turn the phone off than to turn it on. I apologise again, Mr. Bercow.

John Bercow (in the Chair): We are all grateful, Mr. Dunne.

Mr. Dunne: The Government's programme for service transformation led by Sir David Varney has undertaken a lot of work bringing together technological advances to deliver services, but the track record in the most simple stage of using contemporary technology—it is really the technology of the 20th century, because it uses telephone contact centres to deliver services, which was piloted initially by the financial services industry—has been poor, to put it charitably.

Let us consider the experience of the Inland Revenue. It has taken the Inland Revenue some 10 years to get its call centres into a condition whereby there is a better-than-evens chance of getting through if someone is seeking to contact Her Majesty's Revenue and Customs. That happened only last year. Before then, 75 per cent. of callers did not get through when they tried to place a call. The relevance of that is that it is unrealistic to assume, as the Government are finding out, that access to financial services products in the private sector, which has been far more efficient than the public sector in introducing that new technology, can be achieved simply through the use of technology. There has to be physical capacity for individuals, particularly the elderly, but also the more vulnerable groups in society, to gain access to basic financial services and products. We must recognise that when we consider the infrastructure in this country that is in place to support the delivery of financial services products, and the most logical aspect of the infrastructure that the Government have influence over is clearly the Post Office, which I shall come to in a few moments.

I should like to touch on some of the points raised by other hon. Members which I think are entirely appropriate in this context. The first is financial education. I agree with the hon. Member for South-East Cornwall (Mr. Breed) thatthe content of financial awareness education in the curriculum needs to be beefed up. In this country, someone needs a GCSE in maths to be able to complete a self-assessment tax return. I regret to say that less than half of school leavers today achieve that level of financial sophistication, and those are the people who are concentrating on maths. A large swathe of the population does not take maths to that level, and one assumes that they will be the vulnerable groups of tomorrow. They need some form of basic financial education to get on in contemporary society—not just to be able to read a spreadsheet, as the hon. Gentleman mentioned, but to be able to cope with the increasing delivery of services through technology. A combination of information technology skills and basic financial education is required.

The second issue is advice given through citizens advice bureaux. Until there is better education in our system and our citizens are educated to be able to carry out their own self-assessment, for example, there is a very significant role for the voluntary sector in providing advice to those who need it most. The squeeze on the budgets of local authorities, to which the hon. Gentleman also referred, is very evident in my area, where they are the primary providers of funding to citizens advice bureaux. They are increasingly looking to that as an area of saving, placing citizens advice bureaux in a much more precarious financial situation. I urge the Minister to say whether any help will be available for citizens advice bureaux to keep those services going.

The report covers access to the range of financial products. In relation to banking services, the era of the building societies and the banks competing to have an expanded presence on our high streets is clearly long gone. The proliferation of banks and building societies that we saw on local high streets over recent decades is now a thing of the past. There are fewer and fewer building societies left functioning in this country, and following the Northern Rock debacle of the summer, I suspect that that trend will go in one direction only.

Banks are looking at combining branches as a means of cutting down on their cost base. The anecdotal evidence in my area, where that has been tried, is that there is considerable suspicion about it, particularly on

the part of some of the more elderly people in our society. If someone goes into a bank and provides their information to the clerk, they establish a relationship with that bank. If the branch is providing services for another bank, there is a natural suspicion that somehow the information about one's own circumstances could be more widely disseminated. I think that that is a completely misplaced conception, but I have been told by bank managers who have tried to co-locate within individual branches that it has a significant deterrent effect on customers. There is a fear that in some way other banks, and therefore potentially even other bank customers, might gain access to their information. That view is clearly misguided, but that has been the experience, as I understand it, along the Welsh borders, so it has not proved a particularly successful model. If banks decide that they cannot co-locate and operate effectively, they will decide to close their branches once they cease to be economically viable because of the decreasing frequency of face-to-face contact within their customer base. That is resulting in an increasing reliance on the post office as the only remaining alternative place for individuals to gain access to financial services.

Access to insurance is another issue touched on in the report. The Government response to the insurance with rent schemes was pretty feeble. It is on page 18 of the Government response under the heading "Access to insurance". Their response to the Committee's recommendation that insurance with rent schemes are very appropriate schemes to extend to low-income groups was, "Well, we are reducing the targets on local authorities. Therefore local authorities will have either more funding or more time to devote to other things and they will be able to look at extending those schemes." That is clearly complete obfuscation and does not address the point at all. I ask the Minister to consider a rather more robust response in her closing remarks with regard to how she will consider extending such schemes, in particular to registered social landlords and arm's length management organisations for housing association tenants.

The relevance of that issue has been much more widely recognised this summer as a result of the extensive flood damage that has affected large parts of the country, including my constituency. Those households without insurance found themselves, in many cases, without household possessions and were reduced to seeking help from voluntary organisations, furniture schemes and the like to provide themselves with essential household furnishings that, had they possessed an insurance with rent policy, they could have secured in that way.

That brings me to the Government's response to the savings gateway pilots. As my hon. Friend the Member for Sevenoaks (Mr. Fallon), the Committee vice-Chairman, said, the savings ratio is now at a record low. It has been declining steadily for at least as long as I have been a Member of Parliament. Whenever hon. Members raise the issue with the Government, the stock response has been, "You don't need to worry about that, because the savings ratio has an inverse relationship to the growth of the economy. The economy is growing, so it does not matter whether the savings ratio declines." That excuse has run out, as the Chancellor has acknowledged that the economy is now declining. How does the Minister reconcile that with the declining savings ratio?

Kitty Ussher: I am loth to intervene before my allotted time, due to protocol, but I am afraid that I must do so on this point. How does the hon. Gentleman reconcile his statement that the economy is declining with the Treasury's forecast and international forecasts that the economy will continue to grow in the foreseeable future?

Mr. Dunne: The economic growth rate is declining, as the Chancellor acknowledged in his pre-Budget report. It has declined by roughly 50 per cent. from last year. As a consequence, the savings ratio should, by the Government's admission, be affected. There is no direct correlation, but a lower savings ratio is a result of an increasing economy. By the Government's logic, as the economy increases more slowly, the savings ratio should start to increase, but it is not increasing. It is now at a record low. The Minister's intervention does not address my point.

For several years under this Government, as a result of the incompetent introduction of means testing to pension credit, we in this country were in an extraordinary situation in which the majority of the population—those other than very high earners—were financially disadvantaged in saving for their pensions. For every extra £1 of savings that they put into their pension, the pension would be reduced by £1 when they reached retirement age. That was what I charitably assume to have been an unintended consequence of the Government's introduction of pension credit, but it created an extraordinary climate in which saving was not worth while. In fact, people who sought advice from financial advisers or the Government would have to have been advised not to save, or financial mis-selling would have occurred. That was one of the reasons why the savings ratio declined so much.

The Government's savings gateway pilots for the financially excluded initially looked quite promising. However, the second pilot in 2001 introduced a level of complexity to the savings gateway that, commentators who reviewed the first pilot warned the Government, would make it so complicated that it would not work. Paragraph 108 on page 45 of the 12th report quotes Professor Kempson as saying that he was

> "concerned that the saving gateway may, like ISAs and stakeholder pensions, fail to attract people on low incomes."

That is precisely what appears to have happened, because the Government chose to make the whole system so complicated that it has become too difficult for people to participate in it. I urge the Minister to give us some clue about what the Government intend to do, if they persist with the project, to make the savings gateway more accessible to people on low incomes—or, if they are going to scrap it, to tell us what they will put in its place. Given the Government's propensity to seek inspiration from elsewhere, a lifetime savings account might be something for her to consider in more detail.

That brings me to my final comments about the relevance of the post office network and the products that it provides, particularly to those on low incomes. I am pleased to say—if one can take any satisfaction out of that wretched programme—that the closure programme, which is regrettably under way, is now to be shared equally between rural and deprived urban areas. That is some comfort to those of us who represent rural areas, which otherwise would have borne the brunt of the entire programme.

[Mr. Dunne]

The Government have got themselves into a complete mess over the post office network by ignoring their own advice to undertake joined-up thinking when it comes to the provision of services and allowing individual Departments and agencies to whittle away gradually at the services that they provide through the Post Office, without anybody paying sufficient attention to the impact that that loss of business would have on Royal Mail. That is well known and has been well argued in this and other Chambers. The Government received advice from all sorts of quarters about things that they could do to shore up business within post offices. Regrettably, very little of it has been taken into account.

I shall give the Government a few pointers on how they could provide a consistent level of business in post offices to ensure their survival. We have the current closure programme, but no real confidence that the Government know how to arrest the decline in business going through post offices. What is needed from them to avoid yet another round of closures in a few years' time is a clear strategy about what the post office is for and how it can be used—particularly, as I said, to provide a physical, face-to-face opportunity for the financially excluded to access financial services. That access could occur in two forms. It could include services from the public purse, such as the payment of income from benefits and pensions, and individuals' payments to the Government for various services; and it could include private-sector payments using the Post Office and its product range, including the card account, to ensure a sufficient volume of business to give the Post Office some prospect of economic viability without increasing levels of subsidy, which I recognise is at the heart of the reasons for the closure programme.

My first suggestion is that the Government remove some of the barriers to expanding the revenue sources available to the Post Office. The Whip, the hon. Member for Watford (Claire Ward), might have missed the introduction to my remarks, but I am seeking to give Ministers an opportunity to salvage income sources for the Post Office and some pointers on how it could be used to provide services to the financially excluded. Currently, the Post Office, not unreasonably, must compete with other payment systems to access Government contracts. Such contracts have been withdrawn, in some cases unilaterally, after the Government decided to deliver services electronically or through other technologies, withdrawing the Post Office's ability to tender without giving it a minimum notice period. That seems unfair on the Post Office. It should be given an equal opportunity to bid for contracts.

Post Offices should also be given the opportunity to offer local authority services. In some cases, there is an increasing use of Government-owned businesses sharing facilities. Worcestershire has some particularly good examples, with several tiers of local government combining together. In Evesham, or Pershaw, the local police and Jobcentre Plus use the same building, sharing the front counter and delivering services from there. Some post office premises could be encouraged to share in that fashion.

The Government have announced the introduction of free ATMs, something that was mentioned by other hon. Members. The move is most welcome, but I urge Ministers to focus on the deployment of ATMs in remote rural areas. As we heard from the hon. Member for Leeds, East (Mr. Mudie), the Committee's work has led to the introduction of free ATMs, and the lack of charges for using them is clearly welcome throughout the country. However, their availability is very much skewed to urban areas and population centres. Given the absence of access to premises for financial services in rural areas, the ATM is the logical way to provide remote communities with access to cash—particularly those communities that have no realistic access to public transport. A case can be made for giving priority to free ATMs in rural post offices. I hope that the Government will consider that.

The Government missed a trick when awarding the lottery licence for 2009. Although we should not encourage those who are financially excluded to spend their limited resources on the lottery, having lottery terminals in post offices would have provided a level of footfall that could have allowed them a more viable future. It was regrettable that the Government did not take up the suggestion of our cross-party group that those awarding the lottery licences should have been compelled to include post offices.

The Post Office should be allowed to reach commercial arrangements with other bill payments mechanism networks. That should be encouraged, particularly in rural areas. I appreciate the commercial sensitivity of allowing other bill payment networks access to post offices if there are plenty of alternatives—if there is competition. However, in those rural areas that do not have extensive alternative networks, post offices are precluded from entering into arrangements with alternative networks. That seems to disadvantage the financially excluded in rural areas. I urge the Minister to consider that.

I turn briefly to two other aspects of the Post Office's work. The first is the Post Office card account, which has been mentioned. Usage of the card account is obviously declining, given last year's publicity about its demise. The Government belatedly, and it seems reluctantly, agreed to allow the Post Office to bid for a replacement for the card in March 2010. I understand that there are now fewer than 4 million users of the card account, but it is an invaluable tool for those who are financially excluded as it allows them to gain access to cash through post offices. In my view, it is vital that the Post Office should have a realistic prospect of replacing that card with its own, rather than a competitor winning the card contract. If a competitor were to secure it, it would merely hasten the decline of the viability of the remaining post office network. Its demise would be extremely regrettable.

Other hon. Members have referred to Post Office savings schemes and to the collapse of Farepak. I was pleased to learn that the Post Office intends to introduce a Christmas club savings scheme from Christmas 2008. That is a good example of an innovative product meeting the needs of the financially excluded. I am sure that it will be welcomed, and it should be encouraged. It will help to fill the gap identified by Brian Pomeroy in the Treasury's review that resulted from the Farepak collapse.

That is a good example of the Post Office proving its worth in helping the Government achieve their objectives.

I hope that the Minister will recognise the vital role that post offices play in delivering financial services to those who otherwise would be excluded, and that she will work with her colleagues in the Government to produce a durable solution for maintaining a viable post office network in our rural areas.

4.15 pm

Julia Goldsworthy (Falmouth and Camborne) (LD): It is a pleasure, Mr. Bercow, to serve under your chairmanship. It is also a pleasure to participate in this debate. The Treasury Committee has done some important work in identifying the problems of financial exclusion, and it has made fruitful progress towards tackling some of them. It is a pleasure to learn about the subject and to hear about those successes.

The reports make clear how desirable it is to improve the take-up of bank accounts. They highlight the extra costs involved for those without access to a bank account; for example, they cannot take advantage of the savings to be gained through paying by direct debit. They also highlight the difficulties faced by the financially excluded in opening a bank account and in having to prove their identity.

Another telling factor is the scale of the problem. I estimate that nearly 2 million households do not have access to a bank account, which is a significant number. We should bear in mind who those people are. Many will be old, and many will have all kinds of interaction with the state. It is important that the Government take a cross-cutting approach when tackling these issues.

The report of the Work and Pensions Committee highlights some of the difficulties involving the social fund, such as the problem of getting telephone calls answered. The hon. Member for Ludlow (Mr. Dunne) mentioned some of the difficulties with telephone contact centres. Unfortunately, the social fund is the classic example of a complete system failure. The social fund commissioner's annual report shows that he did some cold calling. His office made 500 calls to eight of the new social fund call centres. One office answered one in five calls; the other seven offices answered three calls between them. The social fund is the last line of defence in the welfare system. The bottom line is that those who are most likely to be financially excluded are being failed. In approaching this issue, the Government need to consider the sort of impact that they can have on improving confidence in banking.

Another example that springs to mind is bank charges, where the debate is about the impact that those charges can have on people's confidence in banking. I know of several cases in my constituency in which individuals have racked up huge sums in charges in a very short time because direct debits have bounced. People are worried about being exposed to such risks should things go wrong. In many cases, the charges could be the result of a tax credit payment having been stopped because of an overpayment. The Government need to decide how to interact with the banking system and what they can do to help to restore confidence in that system.

Mr. Love: I am listening carefully to the hon. Lady's argument. Is it not the case that while banks charge what they consider to be a punitive rate, what is required is that they should charge something approaching the cost to them of those who do not meet the requirements of their bank accounts?

Julia Goldsworthy: The hon. Gentleman makes a valuable point. The concern expressed by people who come to me with such problems is that despite all the talk about a free banking system, that system is actually more expensive for them than a fixed payment system. That brings us back to the question of who meets the cost. Should the burden fall on those with the lowest incomes, who are most vulnerable, or on those who are more financially secure?

I took part in yesterday's Treasury and economy debate on the Queen's Speech, and that set me thinking about some of the legislation that we will be considering during this Session and its possible interaction with what we are discussing. Legislation was proposed in the Queen's Speech to try to tackle the aftermath of Northern Rock, which is having an impact on people's confidence in savings, but I wondered why there was no counterbalancing proposal in relation to all those people who have had similar knocks to their confidence, such as through the Farepak incident last year.

That is why I am pleased that the Post Office has produced a very innovative proposal, which the hon. Member for Ludlow mentioned. It is a great proposal because it seeks to create a pathway to financial inclusion. There is much talk from the Government about barriers to financial inclusion, but one would almost think that there was a big step to take, whereas what is actually needed is to present people with things with which they are familiar and comfortable, and then to introduce new aspects. In that way, they can make progress towards having a bank account.

On the payment of pension credit and many other benefits—next year, housing benefit will be paid directly into people's bank accounts—people often feel that they are not given any alternative. There is an impression that it will be difficult for the payment authorities to do anything for them unless they accept direct payment of benefits into their bank. The Government's approach should be that the journey to financial inclusion is just that: a journey, rather than simply a barrier that must be removed. The Post Office's innovation is welcome, because the Post Office is a familiar organisation for all people with a Post Office card account—one through which they tend to access their benefits. The proposal will make people feel more comfortable. That is another reason why organisations such as credit unions need to be supported and extended.

I have been looking at a Select Committee report—not a Treasury Committee report, but one that was brought to my attention by the Joseph Rowntree Foundation. Through the personal finance research centre, the foundation invited a "community select committee" to look at financial inclusion. One finding was that committee members preferred to deal with local organisations, partly because of easier access. The hon. Member for Ludlow mentioned ease of access to post offices. As someone who represents a rural

[Julia Goldsworthy]

constituency. I know that many people find it a lot easier to access a post office than a bank. However, they also prefer to deal with local organisations because they mistrust the involvement of financial service providers and the Government.

All these issues must be tackled, but it is very important to help people along the journey by ensuring that their environment is familiar. A lot of work remains for the Government through considering how services are provided from the point of view of the customer, rather than the state.

Let me give an example involving some of my constituents, because it illustrates how the push for people to use bank accounts can have very negative effects. An elderly couple have seen me on a number of occasions about all kinds of different issues. They visited my surgery on this occasion because they had a problem with their rent. Their housing benefit was being paid directly to their landlord, and some kind of mistake had occurred whereby there was an overpayment, which was trying to be recovered.

One would think that setting up a system in which housing benefit was paid directly to their bank would actually assist them, but they did not have a bank account and they were worried about how to get one, since they did not have passports and so on. I wrote to the local council to ask whether it would be possible for the housing benefit to be paid to their Post Office card account, and the response said:

"We will be unable to make Housing Benefit payments direct to Post Office Card Cash Accounts as this facility is specifically for HM Revenues and Customs and Department of Works and Pensions only. As Mr. and Mrs. Adams are existing benefit recipients we will be able to continue to make future payments direct to their landlord".

For recipients of housing benefit, it does not really matter whether they receive the benefit through HMRC, through a tax credit, through the Department for Work and Pensions or through their local council, and nor should it make any difference. We should simplify the system so that we can tell people that all their benefits, including housing benefit, will be paid into a Post Office card account, and then look towards moving them on to a bank account. That would be much more sensible because it would mean offering people something familiar, rather than giving them no other option than to set up a bank account themselves. The issue is all about ease of access to services and about easing people along the way, and the post office network and Post Office card accounts are an important aspect of that. Will the Minister therefore be clearer about the criteria for the new Post Office card account tender process, and will she say whether there will be greater functionality that will provide support to such groups of people?

Each of the preceding speakers has touched on the key issue of financial education and advice. Like my hon. Friend the Member for South-East Cornwall (Mr. Breed), I very much support the work of the Personal Finance Education Group in trying to support teachers in incorporating financial education in the curriculum. I also congratulate the Institute of Financial Services on its work in providing courses. It provides further education courses in my constituency, and I have been amazed to talk to 16 and 17-year-olds who have learned about the meaning of APR. They did so not as part of an academic exercise during a maths lesson, but at the point when they were actually thinking of taking out their first credit card. Young people's financial education should be relevant, not cornered off into a maths lesson in which they might not want to engage.

There has been talk of the child trust fund. My party's concerns about that hark back to issues that have been mentioned in the debate, such as the extent to which resources are being well targeted at particular schemes. The intention behind the fund is laudable: to encourage a savings culture and to encourage parents to save for their children. However, the swathes of research on the fund that I obtained under a Freedom of Information Act request to the Treasury show the gap between the groups of people who take full advantage of the scheme and those who do not take out a fund, but let the Government invest the money for them and do not make any additional contributions. The latter group are the people on the lowest incomes.

We will not know for some time what young people will choose to do with the fund money when they can access it at 18. A key point will be whether they treat it as savings to be protected and grown, or part of their income. We need to recognise that attitudes have changed. My grandparents were mortified at the thought that my parents were going to take out a mortgage to buy a house, but one of the first things that I did when I went to university was to look at the size of the overdraft that I should secure and how I could take out my student loans, which I am still paying back. People now start their adult lives with debt if they go to university, which is why it is so important to start financial education earlier.

We should make sure that there are good networks that provide independent, generic advice. The Government should look at existing, trusted networks such as the citizens advice bureaux. They should also examine their legislative programme as a whole to ensure that people will have good access to advice on financial issues such as pensions. We shall have a pensions Bill in the next year, which will introduce personal accounts, but it will not be worth while for some people to invest in a pension if they have debts that need paying off on which they are incurring a high rate of interest.

A whole range of issues goes beyond the principles of whether to have a bank account or to use direct debits and an understanding of how those things work. People will be engaging with Government Departments on those long-term issues. Significant investment will be needed. The question has been raised of how much reliance can be put on voluntary contributions, and I would appreciate the Minister's further comments on that.

To conclude on the financially excluded, there has been a lot of talk and press coverage about the growing personal debt mountain, but a lot of the people about whom we are talking do not fall into that category. They work in a cash economy and budget really well. We must recognise the qualities of many of those people, who may have very low incomes and no access to a bank account, but who might in fact be a lot better at managing their resources than those on higher incomes. Wider education issues relate to more than just the financially excluded.

We must ensure that we are not just providing such people with a hurdle to jump, but offering a pathway of support to financial inclusion. We need to recognise the value of the structures and organisations that are already in place and trusted locally, such as the CAB, credit unions and post offices. Also, the Government must get their own house in order to ensure that they are not undermining confidence in, or adding to worries that people might have about, the banking system, through their interaction with individuals and their finances. Above all, however, that needs to be backed up with financial education and high-quality, locally available, generic advice.

4.31 pm

Mr. Mark Hoban (Fareham) (Con): I congratulate the hon. Member for Leeds, East (Mr. Mudie) on the way in which he opened the debate in the absence of the right hon. Member for West Dunbartonshire (John McFall). This is the first time, in the almost two years in which I have performed this role, that there has been a debate in the House on financial inclusion. I am grateful, therefore, to have this opportunity to discuss the report prepared by the Treasury Committee. It is a long-overdue debate about the way in which the Government are responding to the challenges of financial exclusion, and the way in which other partners are working together on this subject. The number of reports being debated indicates the scale of the challenge that we face. That came out in a number of this afternoon's contributions dealing with the different aspects of financial exclusion that we need to tackle.

Before making more substantive remarks, I shall comment on some of the speeches made this afternoon. In his opening remarks, the hon. Member for Leeds, East mentioned the importance of those even on low incomes saving small amounts of money. When I visited the Portsmouth Savers Credit Union, of which I am a member, and spoke to its manager, I was struck by the number of people who had their benefits paid into their account, but at the end of the week left a little bit in there as a reserve, so that when there was an unexpected expense, rather than having to borrow money from a credit union, or from the home credit market, they had some money of their own to draw upon. That is a practical way in which to use instruments that are available already to help build up those reserves.

My hon. Friend the Member for Sevenoaks (Mr. Fallon) rightly highlighted the cultural change in the approach to savings and credit. That point was made by the hon. Member for South-East Cornwall (Mr. Breed) and is hugely important. It is complacent of the Government to say that the former savings ratio was a response to the economic conditions of the time. I think that the problem is deeper than that. A survey produced in September by the International Longevity Centre showed that, over the course of the last 10 years, the amounts of money being saved by young people have declined. A cultural change is happening partly because, as the hon. Member for Falmouth and Camborne (Julia Goldsworthy) said, people begin their adult lives already encumbered with debt from taking out student loans and expect to buy a house, so credit is no longer socially unacceptable. Taking out more credit is seen as a reasonable step, but that has long-term consequences.

That underpins the need for better financial education, which the hon. Member for South-East Cornwall mentioned in the context of the Personal Finance Education Group and the IFS School of Finance. The latter provides qualifications in personal finance to GCSE, AS and A2-levels. Some of the evaluations done of that work so far indicate that it gives young people the capability to manage and control their own finances in a way that impresses those who see the courses in action, and has a knock-on affect upon the families of the children concerned.

I agree with much of what the hon. Member for Edmonton (Mr. Love) said. He commented on the generic financial model that Otto Thoresen is developing and the targeting of that. From my constituency experience and meetings on financial exclusion, indebtedness and credit problems, I get the message that it is not just those on lower incomes who need generic financial advice. People on moderate incomes need it as well. Often now people do not trust banks and find that local independent financial advisers, to whom they might have turned in the past, do not want to see people on moderate incomes because they do not believe that the money that those people could save would be sufficient to pay their fees. It is important, therefore, that a broader section of society is served by that model, if we are not to extend financial exclusion across a range of income scales wider than has traditionally been the case.

My hon. Friend the Member for Ludlow (Mr. Dunne) spoke for many people on his concerns about the Post Office. It is difficult to see how we can use the Post Office as a tool to deal with financial exclusion when we are seeing the degradation of the network and, in my own constituency, proposals to close four post offices, which will have an impact on the ability of people to access financial services through those outlets.

I think that there is a wide-ranging political consensus on the importance of tackling financial exclusion. My right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) produced a powerful report over the summer, entitled "Breakthrough Britain", which identified poverty as being driven, in part, by financial exclusion and debt. I think that that shows the depth of the consensus across the House.

This is a shared endeavour. Tackling financial exclusion is a social responsibility. We have talked so far about the role that the Government have played in tackling it, but we should recognise also that businesses, the voluntary sector and individuals have a responsibility as well. It is only by working together, in partnership, that we will resolve these issues fully. I sensed from Labour Members on the Select Committee an enormous reach towards using a legislative big stick. I am not sure about the message that that would send to the financial services industry, which has contributed significant sums of money already to tackling financial exclusion. I think that we would work better in partnership on a voluntary basis than by resorting to legislation as a means of dealing with these issues.

One challenge that we might face over the next few years is that banks, as they respond to pressures in the marketplace and calls for responsible lending, will start to turn away customers, reject current card application

[Mr. Mark Hoban]

forms and say no to personal loans. Those people will still want credit and will look for alternative sources, some of which might be more expensive than those currently available through banks. We need to accept that there will be greater reliance not just on credit unions, but on the home credit market.

For credit unions and community development financial institutions to become viable, which they must do if they are to expand their role into more communities, we need to recognise that they too will have to say no to some potential borrowers. It will be in their long-term viability interests to turn down bad credit risks. If they give to lots of high credit risks, they will inhibit their future opportunities to help others who are financially excluded. We need, therefore, to recognise the important role of home credit providers in this arena. They are often on the end of quite sharp criticism over the high rates that they charge, but we need to recognise that they offer a flexible service and collect on a weekly basis from people's homes, and that they are prepared to lend small sums of money, in a way in which many mainstream members are unable to do. The Joseph Rowntree Foundation is working to see whether there is a third sector home credit solution out there, how it works in practice and whether it is viable. If such a solution develops, it will provide a challenge to the home credit market.

It is right for the Competition Commission in its report to require home credit companies to share data with credit reference agencies. That will give those companies' customers the opportunity to move away from home credit to more mainstream lenders and to demonstrate, through their credit histories, a track record of making payments regularly on time, which will open the doors for them to the forms of credit that we take for granted.

For alternative lenders to prosper, we need to consider the liberalisation of the legislation on credit unions, and I welcome the Government's consulting on this matter. However, that is not the only step that needs to be taken. We need to ensure that, where money is coming from the growth fund to fund the development of credit unions, it is used in a way that builds sustainability into their business model. We need more credit unions to merge and to consider extending the common bond, in the same way that Portsmouth Savers Credit Union has done to cover not just Portsmouth, but my borough of Fareham and other neighbouring areas. That will give them the strength to develop in future.

My hon. Friend the Member for Sevenoaks mentioned an important issue in respect of liberalisation, which is whether credit unions are enabled to accept deposits from institutions or organisations. A lot of charities, voluntary groups and church bodies would want to put money with credit unions, in recognition of the fact that not only can they earn interest on those deposits, but they will be able to lend that money to others in the community who need support.

Mr. Breed: Much of the community backed network in other countries is funded on that basis, with faith-based and charitable organisations providing much of the basic capital of the community banks, enabling them to do the work that they are doing.

Mr. Hoban: Absolutely. We need to investigate that positive model. I hope that such an approach will form part of the remit of the Government's review and the way in which they develop credit unions.

It is also important to mention the third sector not only in respect of lending, but in terms of the advice that it provides through, for example, the Money Advice Trust and the Consumer Credit Counselling Service, which performs an excellent role in providing support to those in debt.

Hon. Members have commented on the positive role played by the citizens advice bureaux. I know, from my experience in Fareham, about the work that the local CAB does to help people work through their debt problems. I also share the concerns about the funding of the citizens advice bureaux. I am president of the Friends of Fareham Citizens Advice Bureau, which has been set up to help raise money to help Fareham Citizens Advice Bureau develop its services to reach a wider range of people, put some investment into the organisation and, perhaps, to provide some outreach work.

There is an important role for the third sector. I hope that, in the development of financial exclusion initiatives, we continue to cherish it and do not seek to freeze it out. I am grateful that, in his interim report, Otto Thoresen recognised the importance of the third sector in meeting generic financial advice needs.

My final point is about prioritisation and ensuring that organisations are clearly aware of the importance that the Government place on various initiatives. This point has been made to me by the British Bankers' Association, which worked with financial institutions to look at the support that can be given to financial inclusion, and worked closely on this matter with the various taskforces set up by the Government, and with the Government themselves.

It is worth bearing in mind what private sector organisations provide. HSBC is funding the "What money means" campaign to give financial education in primary schools; the Royal Bank of Scotland launched its MoneySense website and will be doing a roadshow in conjunction with Tesco; and Prudential is providing curriculum material for secondary schools as well as support for citizens advice bureaux. So a lot of private sector organisations are stepping up to the plate and being supportive of initiatives. They are also contributing through a levy for the financial capability work that the Financial Services Authority is doing. The Government expect them to fund part of the generic financial advice model. The list regarding the role that the private sector is playing could go on for far longer than we have this afternoon.

We need to be focused about what we are asking the private sector to do, because there is a huge range of initiatives. I have chaired two meetings over the past year on financial exclusion and financial education. We are awash with initiatives and we need some sense of prioritisation and direction. When a new initiative, such as the generic financial advice proposals, is advanced we need to understand where it fits in the Government's programme and what priority should be

accorded to its funding by banks and financial institutions. It is important to give the private sector a clear steer on what and how much it is expected to do.

This has been a useful debate in that it is keeping financial inclusion on the agenda. I hope that the Treasury Committee members who are present will push their Chairman to look again, in a year's time, at where these initiatives are heading. There is so much happening that someone needs to have an overview and oversight of it and how effective initiatives are, otherwise we are in danger of having a torrent of ideas, but no proper evaluation.

It is clear to all hon. Members, in whatever capacity they speak in this debate, that we should tackle financial exclusion to further our constituents' economic well-being and social justice.

4.46 pm

The Economic Secretary to the Treasury (Kitty Ussher): It is a privilege to serve under your chairmanship, Mr. Bercow. It would be even more of a privilege if you were also a Labour member of the Speaker's Panel, but we have not yet given up hope. *[Interruption.]* I note that you shake your head.

I congratulate the Treasury Committee on the volume and helpfulness of the work that it has been doing in this area over the years. The Committee has been shining a bright spotlight on us and this policy area. I say sincerely, as a Minister, that its work is useful and I hope that it will guide us towards making the right decisions in due course.

I congratulate my hon. Friend the Member for Leeds, East (Mr. Mudie) on his contribution in opening this debate, particularly for filling at short notice the big shoes of my right hon. Friend the Member for West Dunbartonshire (John McFall), who has played a significant role in leading the Committee and has led in this policy area. I put on the record my thanks to him for contacting my office to explain why he is not here today, for reasons that I understand. I do not know that he should have a reward in having the network of free ATMs named after him as a result of his sterling work, but I shall always bear that in mind when I use a free ATM in my constituency.

My hon. Friend the Member for Leeds, East ended his remarks by urging that financial inclusion should be at the heart of our work at the Treasury and, certainly, in my work as Economic Secretary. I should like to start where he left off by saying that that is absolutely at the heart of my work. It is an important area and there is more that we can do. I hope that we will be able to demonstrate that in the weeks and months that follow.

This has been a useful debate. Many hon. Members have raised similar issues, so I shall address some of the main ones that have emerged during the last couple of hours, starting, as my hon. Friend suggested I should, with financial inclusion. In the comprehensive spending review a couple of weeks ago it was announced that the financial inclusion fund would be raised to £130 million in the next spending period. We have not yet decided exactly how that should be spent. but we will decide in the next few weeks and we are committed to publishing the financial inclusion action plan by the end of this year. I can say that it will have at least two important components. The first will be the continuation of the growth fund for credit unions and the second will be a continuation of the programme providing debt advice throughout the country, including the important work carried out through citizens advice bureaux. I share the view of the hon. Member for South-East Cornwall (Mr. Breed), who said that he would not be able effectively to perform his advice surgeries without the back-up of the citizens advice bureaux, which do fantastic work.

In response to the question about how often the financial inclusion ministerial working group has met, there has been one full meeting since I became Economic Secretary about four months ago. We have also discussed issues by correspondence during that time, and I expect another meeting shortly.

On financial inclusion and the un-banked, as many Members know, we have with the banking sector a shared target of halving the number of un-banked people. We are already 60 per cent. of the way towards meeting that shared target. We are encouraged by that and believe that further progress can be made without the need for legislation. Indeed, a mystery shopping exercise by the Banking Code Standards Board recently showed that banks are making progress in reducing the very real barriers that have existed, so we are confident that we will be able to make further progress in the months and years ahead. We do not see the need for a dramatic change in policy at this stage.

My hon. Friend the Member for Edmonton (Mr. Love) mentioned the social fund, which is administered in conjunction with my colleagues at the Department for Work and Pensions. We completely accept that social fund budgeting loans play an important part in providing affordable credit to the most vulnerable people in society, which is why in April 2006 we provided a further £210 million for the scheme, alongside an important reform package to help make it simpler and more accessible. I am perfectly aware that there is a debate about whether further reform is required, and I am happy to discuss with Committee members and others whether it would be appropriate in the context of the Government's financial inclusion plans generally.

I turn to general policies on savings and assets. I agree with my hon. Friend the Member for Leeds, East and others about the importance of promoting safe savings, and various savings gateway pilots were mentioned. It was essential to pilot different ways of working. I welcome the Committee's emphasis on that policy, which is helping us to come to the right conclusions. The savings gateway pilots have explored the idea of incentivising people on lower incomes to save by matching saving with a Government contribution, and I agree with the comments that we should focus our efforts on people on lower rather than middle incomes so far as that policy is concerned. The results have been positive, and the pilots have shown that matching works as a targeted incentive for people on low incomes to save, that it kick-starts a savings habit, with people choosing to continue to save even after their savings gateway accounts have closed, and that such an approach can help to tackle financial exclusion by bringing people into contact with financial institutions for the first time. Ideally, having obtained the savings habit, people should move into more mainstream saving products, and there is evidence that that is a realistic prospect.

[Kitty Ussher]

For those reasons, last month we announced that we are conducting feasibility work to enable the national roll-out of a savings gateway and assessing how it could operate in practice. Further announcements have spending implications, so it is appropriate that they should be made in the Budget, but that is only a few months away, so I encourage Committee members to be a little more patient.

I agree with all the comments about credit unions. They play a crucial role in encouraging not only access to affordable credit, but the savings habit within communities. I accept what some Opposition Members have said about the importance of offering standard financial lending products in a community. Personally, I would much rather an individual borrowed through a credit union at an affordable rate than through the admittedly regulated alternative doorstep-lending sector. That is why there is a social imperative, if no other, to enable credit unions to expand.

When I visited a credit union in east Manchester a couple of weeks ago, I announced that we could do some things without legislation. For example, the FSA has the power to reform the common bond, and we are also trying to ensure that credit unions, along with other parts of the co-operative sector, can undertake electronic transactions, which should reduce their operating expenses. We are also considering the responses to a consultation document about the future of the co-operative and credit union sector. We will make our deliberations known before the Christmas recess, and we are considering the need for legislation as a part of that. Rather obviously, legislation will not be included in this Session because, unfortunately, it was not included in the Queen's Speech, and we do not know what we are going to do or how and when we are going to do it. However, we are considering what is required and whether it will require legislation. Again, I ask for a few weeks' patience, then all will become clear.

My hon. Friend the Member for Edmonton asked whether community investment tax relief needed to be extended to enable banks to invest more in communities and credit unions. The honest truth is that we have considered it and we are not totally convinced that it is the best way to support the sector. However, I am happy to engage in further dialogue, and if more information becomes available we can revisit the matter, if appropriate.

We have had a few comments about the savings ratio, and it is honestly my view that there is a sense of consumer confidence, which means that people are not undertaking precautionary saving throughout the macro-economy. At lower income levels, the best way to avoid financial distress is to save for that eventuality, and we heard that everyone should have a month's salary stashed away, but if we consider the macro-economic indicator, in recent years the household savings ratio has been at about 1960s levels. Since 1997 the ratio has been lower than it was in the early 1990s, but it was inflated during that time as households retrenched and saved for precautionary reasons; they believed that unemployment was more likely.

Mr. Hoban: Does the Minister believe that?

Kitty Ussher: I genuinely believe that and I have two degrees in macro-economics. It is true that in periods of macro-economic instability, people retrench—spend less—and save more.

Mr. Hoban: In the pre-Budget report, the Treasury suggested that the savings ratio for this year, 2007, is only 3.5 per cent. Is the Economic Secretary saying that she is entirely happy with that number?

Kitty Ussher: I am not unhappy with that number—let me put it like that. That is my view. We have a stable economy, people feel that there is no need to tuck all their money away, they are confident and they are spending. Overall net wealth has risen hugely and total household assets are now worth £7.5 trillion. It has increased by more than 70 per cent. in real terms since 1997.

Mr. Hoban: Oh!

Kitty Ussher: The hon. Gentleman raised the issue and I have responded to it. The crucial issue is the quality of people's debt, and we are nowhere near the situation in the United States.

Several Members mentioned Farepak, and particularly the consumer awareness campaign that the Office of Fair Trading has been given funds to undertake. It was launched this summer and very much aimed at affecting decisions in the run-up to this Christmas. It aims to give consumers an informed choice about where they save their money for Christmas. We have launched the campaign through the media in Scotland, Northern Ireland, and north-east and north-west England, with Wales and the midlands to come. There will be a national advertising campaign highlighting the issue through the media in the coming months. The sessions are under way and I am told that the results are encouraging, so in response to the question about whether the campaign has started, it absolutely has.

On the wider response to the Farepak issue, we are pleased that the new trade body, the Christmas Pre-payments Association, is monitoring the initiative of companies in improving security for consumers' money, which is held in trust accounts under the control of individual trustees. The Companies Act 1985 investigation is expected to be completed by the end of this year. Depending on the findings, it could lead to prosecution or disqualification, or indeed both. However, we do not know, because the work has not concluded, and often it is not published. However, appropriate action is always taken as a result of such work. Once we have the outcome of the Companies Act investigation, we will consider whether further regulation is needed.

On financial capability and education, I too have seen the benefit of an IFS course on financial literacy in my constituency. I have listened to 15 and 16-year-olds at Burnley college explaining with great maturity how they would decide what type of credit card to have, if any, and how they would make various judgments about what savings and pension schemes they would put their investments into. I found listening to them an empowering and liberating experience, and I commend the IFS for its work and the Personal Finance Education Group, which has a huge impact up and down the country.

My colleague the Secretary of State for Children, Schools and Families recently made an announcement about entrenching financial education in the curriculum. Some £11.5 million has been earmarked for that. It is exciting that the first cohort of children with child trust funds are now entering the school system, because that provides a peg on which to hang the discussion of financial issues. They may not be able to go into what an APR is at the age of seven but, as they migrate through the school system, having their own child trust fund will help them to understand the real choices that they will face, regardless of gender, background or anything else.

Julia Goldsworthy: The Minister's predecessor made a great deal of the fact that seven-year-olds would be standing in the playground talking about the relative benefits that their parents' investments in their child trust funds had brought. Perhaps her predecessor might have done that, but does she really think that seven-year-olds will be doing it?

Kitty Ussher: No, of course I do not, but I visited a primary school in a deprived part of north London with my predecessor and we saw the innovative curriculum that teachers had developed to start to teach basic awareness of financial literacy. Yes, at that age it is just about counting up money, how much an omelette costs and so on, but I could see that children of all ability streams were able to engage with it. When translated across the board and at all levels, such imagination will make a real difference.

We need to do more to encourage additional top-up contributions to child trust funds, but we are definitely making progress. Members of Parliament can make a difference through how they talk about the matter in their constituencies, and every single child will have a trust fund opened for them. It is certainly not the case that some will and some will not. The challenge is to ensure that, as early as possible, family members and friends engage with the process so that the asset can be as high as possible. Small contributions made at an early stage can have a huge effect when a child reaches 16 or 18.

The Committee is well aware that we commissioned Otto Thoresen to provide advice to the Government on the prospect and implementation of a generic financial advice service. I do not have answers to the specific questions that have been asked, because we are still waiting for the final version of that report, which will be received in the spring. We hope to incorporate our response to it in the financial capability action plan, which a separate cross-governmental ministerial group is currently putting together. I was asked about funding. We have always said that any generic financial advice service should be jointly funded by Government and industry. We do not yet know how or by how much, because we have not yet had the final report. We hope to have the answers for the Budget timetable because, again, there are spending implications.

On post offices, I am conscious that I may need to bid to be a Minister in another Department to answer in great detail. I congratulate the hon. Member for Ludlow (Mr. Dunne) on becoming secretary of the all-party group on post offices. He made some important points on the rural economy and I share his view. All that can be said at the moment is that the current Post Office card account contract does not end until March 2010, and we have decided that there will be a new service after that. It will be available nationally and customers will receive a set of services similar to those currently provided. We must tender competitively for it, and Members will have seen the *Official Journal of the European Union* notice that was placed a while back, a copy of which is in the Library.

It is important to say that existing customers do not need to take any action at the moment. They can continue to be paid, and new Post Office card accounts can still be opened. The contract has not yet been awarded, and I take on board all the points that have been made about the functionality that it should have. That matter is currently part of the negotiations with the various potential consortiums that have tendered, so I am not in a position at this stage to say what the precise arrangements will be. We hope to announce the conclusion of the procurement process in the summer of 2008, so I need to appeal again for a little patience.

Mr. Love: I assume that Ministers are well aware of both the sensitivity of the client group of the Post Office card account and their worries about what is coming. May I make a plea to her and her colleagues in other Departments that, at the earliest possible opportunity, time be taken to explain what is coming and consult on it? Otherwise, we will further exclude a group that is already partially excluded.

Kitty Ussher: I am grateful for that contribution, and I certainly agree with my hon. Friend. We are currently in contractual negotiations, which will come to a conclusion shortly. That will leave a huge amount of time to explain things and make transitional arrangements in so far as they are required. I do not even know at this stage what major differences there will be, but I thank my hon. Friend for his advice and contribution.

The Government are absolutely committed to ensuring that financial inclusion concerns are at the heart of our policy and our policy making process. We want to make it easier for people to manage their money more effectively, plan for the future and deal with financial difficulties as they arise, and we completely accept that the best way to deal with financial difficulties is to have some savings tucked away. It is an exciting time for those of us involved in this area of policy. A number of decisions will be made imminently, in the next few weeks and months, so the debate is timely. I am grateful to the Committee for the work that it has put into the matter, and I look forward to its continuing advice and scrutiny in the weeks and months ahead.

Question put and agreed to.

Adjourned accordingly at seven minutes past Five o'clock.

Westminster Hall

Tuesday 20 November 2007

[MR. BILL OLNER *in the Chair*]

Children (Immigration Detention)

Motion made, and Question proposed, That the sitting be now adjourned.—*[Liz Blackman.]*

9.30 am

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): Today is universal children's day. It is also the anniversary of the 1959 declaration of the rights of the child and of the 1989 convention on the rights of the child. It therefore seems a suitable day to try to bring the attention of Ministers to bear on one of the most tragic and socially excluded groups of children in Britain in 2007—children in immigration detention.

Such children are uniquely vulnerable, partly because of the media climate around immigration and asylum, so it is possible to treat them in a way in which the state would not treat other children in this country. Children in immigration detention are vulnerable because, as we all know, when party leaders consult the polls, they find over and over again that one of the issues that people are most concerned about is immigration, asylum and borders. The Government have chosen to meet that fear and the concern reflected in opinion polls with an increasingly draconian system of immigration control.

This group of children is also uniquely vulnerable because who speaks for them? I know, because I have spoken to Ministers about this, that Ministers get constant pressure from Labour MPs in marginal seats who are worried about public opinion on immigration, and MPs who are calling for ever stricter and more draconian regimes. The pressure is all one way.

Dr. Nick Palmer (Broxtowe) (Lab): I apologise in advance that another commitment will take me away before the end of the debate, but as a Labour MP in a marginal seat, I just want to say that the pressure is not all one way. Quite a lot of my constituents are concerned in particular about children in this situation.

Ms Abbott: I am grateful to my hon. Friend. I am not saying that all the pressure is one way, but the majority of pressures on Ministers are in one direction, whether they are pressures from the media, polling data or what MPs say on the Floor of the House and privately. That is why this group of children is uniquely exposed and uniquely vulnerable.

I remind colleagues that when the question of detaining children originally came up, in the 1998 White Paper entitled "Fairer, Faster and Firmer—A Modern Approach to Immigration and Asylum", the Government were saying that families should not normally be detained for more than a few days and only if they were due for removal. The starting position was that the detention of children and their families would be the exception rather than the rule and would last a few days at most. That was the basis on which MPs put the legislation through the House. The position now is that children are being detained in detention centres for up to three months and beyond. I shall come to the facts of the situation later in my remarks, but if people think about it, it is extraordinary that one of the wealthiest liberal democracies in the world should find itself locking up children arbitrarily for indefinite periods. We came to that position as a result of media and political pressure.

What are the parameters of the problem? It is not easy to establish the figures for the numbers of children held in immigration detention at any one time. The best figures available to me are provided in the Home Office publication "Asylum Statistics", which says that on 30 June 2007, 35 under-18s were being held in immigration removal centres. Of those, five had been in detention for seven days or less; 20 for between 15 and 29 days; and 10 for between one and two months. However, the previous edition of "Asylum Statistics" gave a figure of 50 children on 31 March. The most recent Home Office figures show that in the first quarter of 2007, 200 of the 3,580 people recorded as being removed from the UK on leaving detention were children.

Mr. Anthony Steen (Totnes) (Con): Does the hon. Lady agree that one of the problems relates to the statistics and figures? They are totally unreliable; we cannot obtain accurate figures from anyone. A report by the John D. and Catherine T. MacArthur Foundation in November 2006 called "Seeking Asylum Alone" shows that, according to Home Office figures, 2,755 unaccompanied and separated children applied for asylum in the UK in 2004, but the number of Refugee Council referrals was 3,867. I know that these children are not necessarily detained, but where are they if they are not detained?

Ms Abbott: The hon. Gentleman has made a very important point, to which I will return. Whatever people's views on our system of immigration control, whether they think that it is too strict, not strict enough or just very badly managed, which is my view, we cannot have a robust system without the figures, and both on the general question of children and on the particular question of children in immigration detention, the figures are not robust enough. I have been very disappointed, in doing the research and looking at previous responses to questions, with Ministers' approach. Whatever the House believes the direction of travel should be on immigration control, at the very least we need robust figures. On the basis of the figures available to me, we are talking about some 200 children in the first quarter of 2007, but I will return to the question of the figures.

Let me begin to talk about the conditions in which the children are held. There are general issues that make those conditions deplorable. The first general issue that makes the detention of children for immigration purposes deplorable is the arbitrary nature of the detention process. I ask hon. Members to reflect on the fact that a child who has committed a criminal offence and is put in prison, who is serving a sentence at Her Majesty's pleasure—that is how sentencing is termed for children under a certain age—has more rights than a child held in immigration detention and is dealt with in a more transparent way. Immigration detention is not ordered or sanctioned by a court; it is an administrative power. People are not being detained because they have committed a criminal offence. That means that there is a lack of transparency and accountability and it gives the immigration

[Ms Abbott]

service the kind of control over people's lives and rights that a court would not have. The first thing to say about the detention of children is the arbitrary nature of the process.

The second general issue, which is worth a debate on its own, is medical treatment. The medical treatment available to detainees in a detention centre has been a general concern. I want to refer to issues raised by doctors and groups such as Médecins sans Frontières. It is tragic that an organisation that is used to dealing with medical concerns in war zones and famine regions had to come to Britain to do an investigation into our detention centres. Among the issues raised by doctors in research that I have seen are depression and suicide. Many people in detention centres have post-traumatic stress disorder or are depressed. Some have been tortured and are not receiving therapy for that. Some are HIV-positive, but are not receiving the treatment that they should receive in the detention centre. Some come from areas of the world where malaria is prevalent, have lost their immunity to malaria after coming to the UK and have difficulty getting the proper course of treatment. Some suffer from tuberculosis. Those are general medical issues covering everyone being held in detention centres.

I suggest to Ministers that a detention centre is a peculiarly unsuitable atmosphere for detaining children. The arbitrary nature of the process—people do not know what will happen to them—and the problems with medical treatment are two general concerns.

Mr. Steen: Does the hon. Lady share my concern about such children, who come from outside the EU, which is that there is no system for appointing a guardian ad litem, a lawyer or anybody to have an interest in them while they are in Britain? They go into the system with no close friend and no support and just disappear. I am worried about children who disappear—not just those who disappear in care, but those who disappear in detention—and go back home on a plane without anybody knowing anything about them. Is she thinking of saying something about that?

Ms Abbott: I share the hon. Gentleman's concern. The way we are discharging our duty of care to such children simply is not satisfactory or appropriate for a country such as this in the 21st century.

Having spoken generally about the problems in detention centres, I move to some specifics relating to children. I could quote from many pressure groups and lobbyists, but I cannot do better than to quote the Government's own chief inspector of prisons, Anne Owers, on her most recent inspection of Yarl's Wood immigration centre in February 2006:

"Our most important concern…remained the detention of children."

She had raised that concern in her previous visit to Yarl's Wood. One of the disturbing things about the 2006 report is how little had been done since her previous visit.

"Yarl's Wood held 32 children at the time of the inspection, seven of whom had been there for more than 28 days. There was still no evidence that children's welfare was taken into account when making decisions about initial and continued detention. Though a social worker had recently been appointed, her role was unclear…We understand that she subsequently resigned."

I have known Anne Owers for years, ever since she was campaigning on immigration issues and I was a lobbyist on race and immigration issues. If the chief inspector of prisons puts such a paragraph into the introduction of her inspection report on a detention centre, it should not take a debate such as this to make Ministers realise that our treatment of children in detention is not satisfactory.

I should like to allow colleagues to hear the voices of children in detention, because in the debate on this issue—which is driven by concerns about polling, pressures from MPs and the latest front page of the *Daily Express*, among other things—not enough attention is paid to the voices of children. The Children's Commissioner for England visited Yarl's Wood in 2005. His report said many things about what he saw, including one thing that I thought disturbing:

"During our visit to Yarl's Wood, we spoke to a number of children",

as that was the main purpose of the visit.

"Not one of these children had any clear idea or, in the case of some children, any idea at all, of why they were detained at Yarl's Wood."

It is one thing to say that a robust immigration control system requires the detention of children, but what immigration control system requires the detention of young children who do not know why they are there or what will happen to them?

A Save the Children report quoted the mother of a detained child:

"After the detention Michael was in a bad way. The bedwetting was a problem again and he had nightmares. He wouldn't go upstairs without me. At 9 pm when I took him to bed, I had to go to bed as well because he wouldn't let me leave…Michael was afraid of the police coming again. He was always afraid."

During a House of Lords debate on immigration in December last year, the Lord Bishop of Ripon and Leeds spoke about a case familiar to him from his diocese:

"We have experienced the case of Antonio, whose father committed suicide in Yarl's Wood in order that his teenage son should not be deported with him. Antonio went through the whole of that trauma and is now being cared for by a family in south Leeds. But he is not alone. The fear of the 5 am knock on the door pervades many Leeds families."—[*Official Report, House of Lords*, 14 December 2006; Vol. 687, c. 1674.]

A Children's Society representative says:

"We frequently witness first-hand the impact detention has on children. We are supporting a family in Yorkshire who were detained and then released. The mother has since been very ill, partly as a result of stress and not being able to get proper medical treatment while they were in detention."

The issue of medical treatment will come up again, and I shall return to it.

"The five-year-old, the youngest child, was so traumatised by the experience that he became mute. He has had some counselling, but I understand that there are still huge problems, and he doesn't come to our project anymore because the bars on the windows upset him, so we have to visit him at home."

A specific case was passed to me this morning that I should like Ministers to look into—the case of Meltem Avcil, whose 14th birthday is tomorrow. She will spend it behind bars in Yarl's Wood detention centre, where she has been detained with her mother for almost three months. In August this year, 12 immigration officials carried out a dawn raid on her home in Doncaster. The two were taken to Yarl's Wood in a caged van and have

been held there ever since. Since being incarcerated at Yarl's Wood, Meltem has had no appropriate schooling. She and her mother have had poor medical and social support. Her psychological state has deteriorated and she has had to be taken to hospital after self-harming. We all know that we need a robust immigration system, but what immigration system creates as casualties traumatised children—children spending three months behind bars, celebrating their birthdays behind bars and not knowing what will become of them?

I return to the chief inspector of prisons, because what she said is important in this context, and Her Majesty's chief inspector of prisons cannot be accused of being partisan or hearing only one side of the story. She raised a number of concerns in her report last year. She said that, despite the fact that there was a social worker in the centre, her role was unclear, that children were being detained for as long as 112 days, and that in most cases children were being detained for too long. She found that Yarl's Wood was still not performing sufficiently well in terms of purposeful activity. Immigration officials were still found to be leaving centre staff and detainees in the dark about their status and removal dates—again we return to the issue of children not knowing why they are there or what will happen to them.

The chief inspector of prisons' 2005 recommendation that the detention of children should be exceptional and for no more than a few days has not been achieved. In 2005 the inspector also recommended:

"Initial authorisation procedures should be strictly followed and an immediate independent welfare and needs assessment carried out, to set out a care plan and inform decisions on continued detention."

That had not been achieved at the time of the last report. The inspectorate could not even obtain data. Even for Her Majesty's inspectorate of prisons, the staff at Yarl's Wood could not produce data showing whether there had been any changes to the pattern for detaining children.

"No initial needs assessment was undertaken following the arrival of a child";

it took place only after 14 days' detention.

At the time of inspection, the reports that social workers were trying to produce were not being used by officers. Children who were interviewed reported feeling frightened at being taken into detention—one child was scared when the police broke down the door. The quality of education provision was still not up to scratch. Sufficient activities were not being provided for children. Staff were not receiving appropriate training. Detainees were still being told what beds they had to occupy, and families were being split up. Children were having to sleep with strangers. Those issues were all raised in 2005. When the inspectorate returned in 2006, it found that relatively little progress had been made.

I have spoken about the inspectorate because I believe that one cannot query the views expressed in its reports, but I want to mention also the views of other stakeholders and interested parties on what is happening to children in immigration detention. I begin by citing the United Nations High Commissioner for Refugees. I shall return later to the fact that the United Kingdom has entered a reservation to UN protocols in that regard.

Mr. Steen: Before the hon. Lady continues, will she confirm that Britain is the only country to have made a reservation?

Ms Abbott: We are the only country in the world. I shall return to the point because it is a grave and shameful matter.

The UNHCR regrets that the UK has made a reservation to the United Nations Convention on the Rights of the Child in order to be able to pass immigration legislation without reference to its obligations under the CRC. It stated:

"UNCHR strongly disapproves of the UK's reservation in this area, which the United Nations Committee on the Rights of the Child has stated is not compatible with the objects and purpose of the CRC. However, it is important to note that the reservation is at least limited to the passing of legislation only, and so would not appear to operate as a relevant factor in questions relating to operational matters, such as decisions made regarding the implementation of immigration detention policy in specific cases. The Government, therefore, is free to follow humanitarian and moral imperatives to inform its policies on the detention of children."

The Minister will doubtless be relieved to know that the Government are free to allow humanitarian and moral imperatives to inform their policies on the detention of children.

I turn to what other stakeholders and people who have visited those children have said. The Children's Society states:

"We don't think it's ever acceptable to detain children for the purposes of immigration control. In practice it's very difficult for families to abscond because they need contact with services like health and education and it's much harder for a family to disappear."

The Refugee Children's Consortium has called on the Government to use the UK Borders Act 2007 to stop the detention of children. The four UK children's commissioners have expressed "profound" concern about the detention of children.

The United Nations High Commissioner for Refugees states that it views the detention of minors as

"a special cause for concern, and we are clear in our guidance that minors who are asylum seekers should not be detained at all...where exceptional circumstances necessitate the detention of asylum seeking children, states should also make provision for the independent monitoring of the mental health of detained asylum-seeking children, which should be facilitated by access to appropriate non-governmental organisations".

Save the Children, in its report "No Place Like Home", suggested that children in detention were vulnerable on account of being children, being detained and being immigrants. The all-party group on refugees published a report in July 2006, to which the Government have not responded, saying that the detention of children

"makes a mockery of children's rights legislation".

Finally, the Joint Committee on Human Rights, in its report on the treatment of asylum seekers in March 2007, found that the UK was in breach of its human rights obligations by detaining children. One of the report's authors, Lord Avebury, said that

"lack of accountability for all aspects of the detention of children pervades every level of policy and practice, and is exemplified by the Government's steadfast refusal to publish comprehensive statistics on the matter."

The lack of accountability pervades every level of policy and practice. Today's debate is my humble attempt to try to shed some light on the process and to bring some accountability to it.

Dr. Palmer: I am grateful to my hon. Friend for giving way a second time. She will agree, I think, that there are two separate issues. One is whether the detention of children is ever justified. The other is how they are treated during the period of detention, if there is one. Having spoken to many constituents about the issue, I know that there is a certain acceptance that a short period of detention may sometimes be necessary rather than simply releasing the child, with all the risks that that might entail. However, there is overwhelming support for the greatest possible care for the children during the short period for which they might be detained. I am glad that my hon. Friend has raised the issue.

Ms Abbott: I am grateful to my hon. Friend for that intervention. When the matter originally came before Parliament, there was a consensus that detaining the family for one or two days might be necessary as part of the process of removal. However, no one taking part in that debate—some hon. Members who are here today were present then—ever envisaged children being detained for three months or beyond. No one ever envisaged that periods of detention would be so long.

I turn to what the Government are doing. I would not want it to be thought that the Government had paid no attention to lobbyists. First, the Minister for Borders and Immigration made a welcome statement about the need to incorporate a code of practice on the treatment of children as we rolled out the borders legislation. That statement was greeted with some gratitude by those who had lobbied on the issue.

Let me set out the Government's position on some of the issues that I raised this morning. First is the question of the reservation to the Convention on the Rights of the Child. A question was tabled about the subject in July and the immigration Minister responded. He said:

"The Government believe the reservation remains justified in order to maintain an effective immigration control."

The Government justify the reservation in the name of immigration control. We come back to the media and polling pressures—and the political pressure. In the end, a robust and sustainable system of immigration control, which is what Members from all parties want, has to be a system that the community as a whole, including even the asylum-seeking community, believe is firm but fair. A system of immigration control that is chaotic, badly run and contains a deeply flawed approach to vulnerable people such as children, will never achieve a consensus, and it will continue to be problematic. In his written answer, the Minister also said:

"we are proposing to introduce a code of practice to ensure that in carrying out its functions in the UK the Border and Immigration Agency takes appropriate steps to keep children safe from harm while they are in the UK."—[*Official Report*, 9 July 2007; Vol. 462, c. 1350W.]

That was a welcome statement. However, Ministers have also said things that were not quite so welcome. For instance, in a debate on asylum seekers in Westminster Hall in March 2007, my hon. Friend the Member for Islington, North (Jeremy Corbyn) raised the question of the detention of children. The Minister said:

"We have also debated the question of detention. I am anxious to explore alternatives to detaining children. Sometimes, parents have a responsibility too; when I sign off cases of children who have been in detention for some time, I often find out that that has been because their parents have been disruptive or abusive or have exhibited dangerous behaviour towards staff".—[*Official Report, Westminster Hall*, 28 March 2007; Vol. 458, c. 482WH.]

What is the Minister for Borders and Immigration saying but that children are being detained because of misbehaviour by their parents? I urge the Minister for the Home Department to read again the relevant UN convention. It is quite wrong and contrary to best national practice that children should be detained or punished as punishment for the behaviour of their parents, but that is what the immigration Minister said in March 2007.

In response to efforts in debates on the UK Borders Act 2007 in October to get further protection for children, Ministers spoke about the problem of judicial review, saying that trying to give asylum-seeking children the protection of children's legislation would

"create a risk of judicial review and other legalistic devices being thrown against the agency, which will slow down its ability to remove people to the country".—[*Official Report*, 29 October 2007; Vol. 465, c. 553.]

The Minister for Borders and Immigration said:

"Judicial review presents a serious problem: between January and March this year we received an average of 79 judicial reviews a week challenging enforcement activity...I fear that the change to section 11 proposed by the hon. Member for Ashford would simply multiply those barriers."—[*Official Report*, 9 May 2007; Vol. 460, c. 233.]

I have been a Member of Parliament for 20 years, representing a part of the country with one of the largest numbers of immigration, refugee and asylum seeker cases. No one knows better than I do about vexatious judicial review applications or deplores them more than I do. They are a waste of time and hold up false hope to my constituents, who all too often have to find money out of their own pockets to pay for applications that are going nowhere. When I see that they are going nowhere, it is now my practice to ring the solicitor and ask, "Where exactly are you going with this?"

I do not believe in giving false hope to constituents, and deplore the fact that some of the poorest and most marginalised constituents have to find hundreds of pounds to pay for what are essentially legal delaying devices. If there is a problem with vexatious judicial review applications, however, the Government must deal with it, and not use it as an excuse not to meet the spirit and letter of their obligations to children. One understands the point made about jails, but it does not justify the wholesale abrogation of this country's obligations under the convention on the rights of the child.

Another part of the Government's response, on which many people have lobbied, is the pilot project on whether there are alternatives to detention. Apparently, those in the pilot are in supported family accommodation in a hotel and are being helped to work towards voluntary return. Families are expected to stay within the pilot scheme for eight weeks. It is too early to say how it is going. Worth while as the pilot is, however, it does not help children in detention at the moment, there is no indication of how it has reduced, or will reduce, the number of such children, there is no information on the criteria for entry into the pilot scheme, and there is no sign of how it will be independently evaluated. Although the pilot is welcome, one would like to see more transparency and a hope of independent evaluation.

Furthermore, as part of the Government's response, we have a report, entitled "Review of UKIS Family Removals Processes". It was commissioned by Dave Roberts and written by Judith Evans. I do not know if either of them is in the Chamber today. If they are, I hope that they will not take this personally, but I found it a bizarre and inappropriate document. It talks about putting the welfare of the child at the centre of the removal process, but that seems to amount to the idea that, as part of the removal process, immigration officers should keep a particular eye on the child. It does not talk about referrals. The report states that officials

"should consider appointing named officers during any detention visit to review the reactions of the child to the process of detention."

Let us stop and think about that. Officials bang on someone's door at 8 am—they have said that they will not knock on people's doors before then—and a named official watches the child to see how they react to having their door knocked down and their mother dragged off to detention. What is the point of that, other than to make a token and derisory concession to the need to put the welfare of the child at the centre of our approach?

The report makes an even better recommendation. Obviously, the people who wrote it have read the same things as I have about how frightened and traumatised the children are by the process of being dragged away to detention, so they have thought very hard about what can be done about the psychological impact on children and proposed that the uniform of immigration officers be changed. They seem to be saying that what is frightening the children is the fact that the uniforms are navy blue or black and suggesting that they should be a pale colour—maybe pink or lilac! The idea that a child will be less traumatised by having their door kicked down and being dragged off to detention for an indefinite period by officers wearing a pink uniform rather than a black one has no place in an official Home Office report. Even when I was in the Home Office, which is now 25 years ago, we could have done better than that. It seems to me that the report was produced to address the widespread concern about the conditions in which such children are held, but it does not address the relevant points.

I know that hon. Friends involved closely with this issue wish to speak, so in conclusion, may I say that I am very concerned about the figures for children in detention? In particular, I was concerned by the response to a parliamentary question tabled in July by my hon. Friend the Member for Hendon (Mr. Dismore), who asked the Secretary of State:

"how many cases were referred to Ministers for review of the continued detention of children on immigration grounds beyond 28 days in each of the last three years"?

If a child is to be kept beyond 28 days, the case is meant to be referred to a Minister, although no Minister has yet turned down such a request. The Minister replied:

"The information requested on referrals is not centrally collated and could be provided only...at disproportionate cost."—[*Official Report*, 2 July 2007; Vol. 462, c. 916W.]

If we are serious about the welfare of children, at the very least we ought to keep centrally figures available on a monthly basis on the number of children we are holding beyond 28 days. Whatever a person's view on immigration control, it is not acceptable that we are keeping children beyond 28 days—in one case that I have raised with Ministers, for three months, in another, 112 days—and that those figures are not kept centrally. If one thing comes out of this debate, I hope that it will be a commitment from Ministers that from now on they will look at their record keeping on children and unaccompanied minors in detention. In particular, they ought to be able to provide Members, on request, with the number of children being held beyond 28 days.

We also need to do some really robust research into whether detaining families with children is necessary. The argument is that if we do not detain them, they will abscond. People assert that that is not the case. However, I am yet to see comprehensive research that proves it one way or the other. Above all, however, I put it to Ministers that reports that suggest changing the colour of uniforms are derisory. If Ministers are taking seriously the trauma that children go through, the Government need to commit themselves to bringing down the number of children in detention. How many times do international organisations, children's pressure groups, Her Majesty's inspectorate and the commissioner for children have to raise the point that the Government must bring down that number?

I accept what my hon. Friend the Member for Broxtowe (Dr. Palmer) said; there might be occasional cases when a child has to be kept in detention for a few days. But the fact that increasing numbers of children are being detained for increasing periods, and that Ministers cannot say at any given time how many are being held for longer than 28 days, simply is not acceptable. I accept that the front page of the *Daily Express* will not be calling, five days a week, for action on children in detention. It is also perfectly true that nobody ever made their career in government by building a fair and humane system of immigration; one builds a career by the constant rolling-out of crackdowns, toughness, fresh initiatives and so on. However, I put it to Ministers that in 2007, it is time for one of the wealthiest liberal democracies in the world to comply with international standards on the detention of children. As other Members have said, it makes a mockery of our children's rights legislation that children in immigration detention continue to be held in such numbers for so long and in such conditions. I hope that Ministers will take on board some of what is said this morning, and that we can make some progress on the issue.

Mr. Steen *rose—*

Jeremy Corbyn (Islington, North) (Lab) *rose—*

Mr. Bill Olner (in the Chair): I have two Members standing, and I intend to call both of you if I can. However, you are both facing Clocks, and I intend to start the winding-up speeches at 10.25 am.

10.10 am

Mr. Anthony Steen (Totnes) (Con): I have only two points to make. Before I do so, however, I want to say that we owe a great debt of gratitude to the hon. Member for Hackney, North and Stoke Newington (Ms Abbott). Her speech was robust, compassionate and incisive, and the Minister will need a good quarter of an hour to deal with her points. I shall not cover the

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same area, but I thank her for raising the matter. It is constantly referred to in the Chamber, but not properly addressed.

My first point is on why the immigration service is so secretive. I suggest to the Minister that a group of Members—I should be one of them—might like to spend a day or two at the ports of entry, seeing what the immigration service does, particularly with regard to unaccompanied minors, asylum seekers and such like. I do not think that many hon. Members have seen what goes on there. I have joined the parliamentary police scheme, but I am halted every time I want to go to the immigration service, because it is outside the police's control.

I should have admitted to the hon. Member for Hackney, North and Stoke Newington that I was in her constituency last Thursday on a police raid in a sauna.

Jeremy Corbyn: Were you in the sauna?

Mr. Jeremy Browne (Taunton) (LD): Or were you part of the police team?

Mr. Steen: I was part of the police operation.

I have an idea of some of the problems that the hon. Lady mentioned, and some hon. Members who are present, and certainly some active members of the all-party trafficking of women and children group, which I chair, would be much more friendly and well disposed towards the Government if they could see what was going on.

Secondly, the all-party group had the director of social work for Manchester before it about a month ago, and she referred to a different sort of detention, which it will be useful to mention. Unaccompanied asylum-seeking children are usually put in the care of the local authority, which is supposed to involve detention and to be a safe place, because the constant refrain from all people in positions of authority is that we must put children in a safe place. I saw a child walking along Oxford street when I was on patrol with two policemen, and they took the child, who they thought was 13, into the care of the police station in St. Marylebone, because they believed that it was a place of safety. If local authority care is a place of safety, why do so many children disappear from local authority care? The director of social work in Manchester said that some children who come into care in Manchester disappear within minutes, and that others do so within hours.

I raise the matter only because the hon. Lady raised the issue of detention. If detention is too open, the children disappear, but if we have it as she would, there is criticism, too, because it would be incarceration. I do not quite know how she would redress that balance, but at the moment too many children disappear. In a recent report from the Home Office, the number of children who were thought to be trafficked was 380, and about 190 of those, who were in the care of local authorities, disappeared.

I also want to mention some other numbers. I have only the 2004 figures, because the figures are up the creek, as we know, but we are talking about 55 unaccompanied children from Afghanistan, 55 from Somalia, 50 from Vietnam, 55 from Iran, 35 from the Democratic Republic of Congo, 35 from Iraq, 35 from China, 25 from Eritrea, 20 from Uganda and 20 from Ethiopia. Those figures are for a three-month period only, so an enormous number of children come into this country unaccompanied. Some will end up in detention, some will end up in the care of the local authority, and an awful lot will go missing.

The Government do not have their hands on the problem, because when the children disappear they are never found. Many children from China "disappear"—they do not, of course, disappear, because an aunt, uncle or friend probably finds them. However, the number of unaccompanied children either in detention or in the care of the local authority is increasing. The numbers are about 3,000 to 4,000 a year, so it is a big problem.

10.16 am

Jeremy Corbyn (Islington, North) (Lab): I very much appreciate my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) taking up the cause, the way in which she spoke and the great deal of research that she obviously undertook to present her case. It was a very fine contribution, which the House should note.

It is significant that the three Labour Members speaking today all have neighbouring constituencies: Hackney, North and Stoke Newington, Hackney, South and Shoreditch, and Islington, North.

Mr. Steen: Mine is not.

Jeremy Corbyn: I know about north Devon.

Mr. Steen: It is south Devon.

Jeremy Corbyn: I beg the hon. Gentleman's pardon. We all know about south Devon, but my point is about Labour Members.

We are involved in the subject because we have multicultural and multi-ethnic constituencies, and immigration issues are real, serious and demanding of their Members. As the MP for Islington, North, I take up a large number of immigration and asylum cases all the time. Although there is nothing wrong with having a public debate about immigration, I appeal to the media to have a debate occasionally about human rights, justice and the nasty underside of immigration law and control. It is easy to get a headline saying, "There is too much immigration. We must control it. There are too many problems," but the other side of the issue is the incredible contribution that migrants have made to our economy and standard of life. We would not have much of a health service, or, indeed, many other vital services, if there had not been immigration over the past 40 years.

Another consideration is the treatment of individuals who have been denied the right to remain in this country and who have been threatened with, or are in the process of, removal, and the detention that is then carried out. My hon. Friend the Member for Hackney, North and Stoke Newington and I visited Yarl's Wood, and we spent a lot of time there. We saw all its sections, had meetings with the staff and discussions with people who are held there—frankly, one must refer to them as inmates, because that is in reality what they are—and we looked at the whole place. Whatever the decorations, equipment or concerns of staff, the issue is that we lock children up. For the child to leave their parents to make

or take a phone call, to go to the medical room or wherever else, they must go through a series of prison-style locked doors.

Children are very impressionable. Young children remember small things for the rest of their lives. All of us have photographic memories of certain instances that happened when we were three, four, five, six or seven years old—it is an impressionable age. I do not think that any of us was in detention at that age, and none of us went through that sort of experience, but that is the memory that we are imposing on a number of children through our policy. We should think seriously about that.

Ms Abbott: My hon. Friend and I visited Yarl's Wood because of our ongoing concern about the problem. I must say that although many of the staff at Yarl's Wood were pleasant and clearly trying to do their best, I was unimpressed with the medical officer, whom I think I met when my hon. Friend was in another part of the facility. When I raised with the medical officer the concerns that had been raised with me about medical treatment there, he was quite dismissive and refused to accept that there was a problem with people not being provided with proper treatment for malaria. In his attitude, manner and unwillingness to engage, he stood out from some of the other staff. He seemed to reflect the concerns that are raised over and over again about the quality of the medical treatment at Yarl's Wood.

Jeremy Corbyn: I did hear some of that conversation, but not all of it. My hon. Friend raised those points. Children in detention should be under the protection of the Children Act 2004 and have access to full-quality national health service care and, if necessary, to social services protection, just like any other child in the country. I am not convinced that the reality of detaining children guarantees any of those things.

The campaigns on Yarl's Wood are considerable. Local people have often complained about it and there have been many demonstrations outside it. There is a history of problems in its administration. There is a wider point, however. On 28 March 2006, the Refugee Council pointed out that more than 2,000 children a year are locked up by the UK Government for immigration purposes. It had launched a new campaign and stated:

"The campaign is demanding an end to detention for children because:

It causes children distress, depression, creates behavioural changes and confusion. It can cause and exacerbate physical health problems; and lead to lack of sleep and weight loss. It disrupts a child's education, and can seriously undermine their ability to learn. It runs contrary to various international standards, including the Convention on the Rights of the Child."

I could not have put it better myself. This country is proud of being a signatory to the UN charter, the European convention on human rights, the 1951 Geneva convention, the convention on the rights of the child, torture conventions and all the others. They apply to us here, as well as to the demands that we make on people in other parts of the world.

Bail for Immigration Detainees, which has done good work, produced a handbook and press release on 2 July. The press release stated that children are being damaged by immigration detention because

"No special consideration is given to the needs or best interests of children when deciding to detain a family. Detention is not clearly justified in each case, and existing alternatives to detention are not fully considered. Families, and children, do not fully understand why they are detained, have no automatic legal representation and their detention is not subject to a time-limit or independent review. Processes for welfare assessments of families and ministerial authorisation for detention beyond 28 days do not protect children from prolonged and harmful detention."

I hope that the Minister will give us some hope that all children who are being detained will be subject to ministerial decision so that we know exactly how many are being detained and why. I also hope that she will consider the Swedish system of having a caseworker assigned to a family, going through the whole process with them as a supportive mechanism. Very few, if any, children are detained there, and I do not see why we cannot do the same in this country.

My hon. Friend the Member for Hackney, North and Stoke Newington rightly referred to the statements made by Anne Owers, the former chief inspector of prisons. Like her, I know Anne Owers well and admire her work hugely. The fact that she made an unannounced visit to Yarl's Wood some time ago, in February 2006, made her statements and expressed concerns about children in detention, should be taken seriously.

My final point has an international context, relating to UN conventions. I attend UN Human Rights Council meetings as a non-governmental observer and have taken part in a lot of activities surrounding them. Many people there fulminate about abuses of human rights around the world, and rightly so—I join in all that—but that also applies to us. The United Nations Human Rights Committee expressed its concern that

"asylum seekers have been detained in various facilities on grounds other than those legitimate under the ICCPR, including reasons of administrative convenience."

That statement was made some time ago, but the United Nations High Commissioner for Refugees has expressed concerns about the UK Borders Act 2007. It has stated:

"UNHCR would like to encourage legislators to examine alternative arrangements for children to ensure that required contact management will be conducted in a child friendly manner and within the overall normative framework of the Convention on the Rights of the Child and the 1951 Refugee Convention."

We signed the convention on the rights of the child and pride ourselves on being a country that has democratic institutions and a robust defence of individual liberties and human rights. Detaining children defeats all those things. I appeal to the Minister to re-examine seriously the whole policy of detaining children and recognise the damage that it does to them. As a start, Ministers should know exactly how many children are detained at any one time and why, and they should have to give personal approval for that detention. That would show us to be taking seriously the rights and needs of children. I hope that we can move on to a system in which it is simply not necessary to detain children at all. We are damaging them, it is wrong and it is not morally correct.

10.27 am

Mr. Jeremy Browne (Taunton) (LD): Thank you, Mr. Olner, for calling me to give the first winding-up speech. I congratulate the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) not only on her speech but on using such parliamentary occasions in the most effective way possible—to highlight an

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ongoing area of Government policy that a Member regards as deficient, giving a Minister an opportunity to justify or, better still, alter and adjust it.

I agree with the hon. Lady's broad observations about the party political context that underpins much of the debate on immigration and asylum. It is shocking that the leaders of some political parties in this country seem to regard polling evidence in marginal seats as the main determining factor in deciding policies that have a direct impact on people's well-being. She mentioned the front page of the *Daily Express*, but it could have been any one of a number of papers—even the one that, until recently, was edited by the new chief spin doctor of the Conservative party. That paper takes an aggressive view of this area of policy and seems to put pressure on the Government and other political parties to respond in rather draconian terms, which often jars with the better and more liberal instincts of millions of people.

Ms Abbott: The problem with the current approach to immigration control is not just that it is draconian, which I personally deplore, but that it is wholly ineffective.

Mr. Browne: I am grateful for the hon. Lady's intervention, because I wholeheartedly accept her point. We hear a huge amount of extremely tough talk from the Government—they are "cracking down" on aspects of immigration policy the whole time—yet it does not seem to have worked. If it had, they would manifestly no longer need to crack down, because their policy would have achieved their desired objective.

Most people would accept that there may be a need for transitional arrangements while people's immigration and asylum applications are being processed. It may be that, for short periods of time, it is desirable not to separate children from their parents and that it is necessary to hold them in those circumstances. Most people, however, would wish their treatment to be entirely humane and that the atmosphere and surroundings in which they are kept are as close to a home and as far removed from a prison as possible.

I have three broad points to make. The first is about the Government not enforcing the UN convention on the rights of the child and about their desire to be seen as tough in this area. They seem to be concerned that anything that smacks of a UN-led, consensual, international approach would be seen as a sign of weakness. I do not know whether their position has changed, but I have a quote from a debate in the House of Lords, three years ago, in which the relevant Minister said that the Government believe that

"a duty to have regard to the need to safeguard and promote the welfare of children could severely compromise our ability to maintain an effective asylum system and strong immigration control".—[*Official Report, House of Lords*, 17 June 2004; Vol. 662, c. 996.]

Unless the Minister can tell us that the Government's position has since changed, that quote provides the context for our considerations this morning. The Government seem to be saying that the rights of children in those circumstances take second place, and will do so indefinitely, to what they see as the benefits of having a strong system, and that the well-being of the child is somehow incompatible with having overall strength and resilience within the system. If that has changed, I am sure that the Minister will correct me and inform us more widely.

My second point follows on from a point that the hon. Member for Hackney, North and Stoke Newington made. I was pleased that she quoted my noble Friend Lord Avebury regarding the absence of published figures for children who have been detained for immigration purposes. I have done some research in this area, and there seems to be a reasonable consensus that the figure is about 2,000. It is extraordinary, however, that we do not have a reliable figure. I cannot believe that this is genuinely an area in which the costs of compiling that information are, as the Government would put it, disproportionate. There seem to be all kinds of Government statistics being compiled in all kinds of areas in which people might have only a passing interest in knowing the facts and figures, whereas this is a central area of public interest. It behoves the Government to do the research and make that information available.

I have tried hard to get an indication of the scale of the situation. According to the figures supplied to me, 540 children were released from detention centres in the last quarter of 2005, so the information is already two years out of date. That figure was an increase of 20 per cent. on the previous quarter. If those figures were representative, they would indicate rising numbers of children in the system and an upward trend over time. It is an extraordinary state of affairs that we have to speculate about this situation, which should be made transparent and obvious to anyone who takes an interest.

My third point is one that the hon. Member for Islington, North (Jeremy Corbyn) touched on. As a mature and reasonably enlightened liberal democracy, we should look to learn best practice from other countries. The hon. Gentleman talked about the caseworker system in Sweden. Having a caseworker who can act as an advocate, provide legal representation, be a voice and give guidance to a child in those circumstances would be a wholly progressive step, and the Government should consider it in greater detail.

The Government talk about their "Every Child Matters" campaign, but if that is to be anything other than a slightly trite slogan, it must encompass children who are not British children within the mainstream education system. It must mean that literally every child has a set of rights and that we have a duty and obligation to them. It is on that basis that my party supports the "No Place for a Child" campaign of Save the Children, the Refugee Council and Bail for Immigration Detainees, which calls for alternatives to child custodies, such as granting such people bail, or having them attend reporting centres or stay in supervised community accommodation. The campaign also proposes a host of other measures that might lead to a more satisfactory resolution to this vexed issue than that which the Government have so far managed to achieve.

10.35 am

Damian Green (Ashford) (Con): I, too, congratulate the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) on her introduction to the debate. It might surprise her to know that I agree with a degree of her analysis of the problem. I part

company with her and the hon. Member for Taunton (Mr. Browne), however, on the idea that the debate is being driven by the tabloid press and by political leaders running before the tabloid press. The wider issue of immigration levels has become a matter of genuine concern for communities all over the country, not just those that are represented by Labour Members, as the hon. Member for Islington, North (Jeremy Corbyn) pointed out. It is therefore imperative that mainstream, moderate, democratic politicians address this issue, because if we do not, we leave the field clear for unpleasant, racist extremist parties. That would be the worst of all worlds.

I agree particularly with the hon. Lady's points about the appalling inadequacy of the statistics on which public policy in this area should be based. She has clearly researched this area well, but I assure her that after two years of asking Home Office Ministers about statistics, facts and figures that I cannot believe that they do not know, I have a file in my office, which I am happy to share with her, full of answers containing phrases such as "this information is not collected centrally" and "this information can be collected only at disproportionate cost." A lot of that information concerns people whom the Government have locked up, such as foreign prisoners, and whether they have been moved to immigration detention centres, as well as aspects of the asylum system. I am frequently torn between concluding that the Government really do not know those figures, which is appalling, or that they do know and are not telling me, which is equally appalling. Neither conclusion is very palatable for Parliament or for confidence in the competence of the immigration system.

Mr. Steen *rose—*

Ms Abbott *rose—*

Damian Green: I will give way to my hon. Friend—no; ladies first.

Ms Abbott: On the issue of figures, I have a confession to make. When I came down from Cambridge, my first job was as a graduate trainee with the Home Office, and I assure the hon. Gentleman that the Home Office keeps millions of files full of figures. I would regard with a certain amount of scepticism any reply saying that a figure cannot be provided because of disproportionate cost.

Damian Green: I am glad that the hon. Lady has confirmed the scepticism that was already in my mind about whether the Home Office has that information.

Mr. Steen: My hon. Friend has forgotten about me.

Mr. Bill Olner (in the Chair): No, the hon. Gentleman was replying to an earlier intervention.

Mr. Steen: I thought that he had finished.

I have had exactly the same problem, but I have also had the enhanced problem of receiving contradictory answers from the Home Office—some saying that it does not have the figures, and some saying that it has the figures but then giving the wrong ones. Is my hon. Friend aware that the Director of Public Prosecutions and the Home Office give completely different figures on convictions for trafficking offenders in this country? Therefore, even when we get figures, they are not the same or right. That is even more confusing.

Damian Green: I thank my hon. Friend for that cogent intervention. The more we delve into this matter, the more depressing the situation appears. I am sure that the Minister would like to address that.

I have some sympathy for the Minister, because there is a case for saying that in a system of controlled immigration we need to have the power to detain people at some point, and may need to detain families. As did other hon. Members, I visited Yarl's Wood, and, like any normal, civilised human being, I came away profoundly uneasy at the sight of young children behind bars, of doors being clanged shut and of jailers—that is what they are—with huge bunches of keys, yet behind those doors were children playing happily.

There is something about that situation that would give rise to a huge sense of unease in any civilised person. That is why many hon. Members rightly raised the prospect of alternatives. Many mentioned the United Nations High Commissioner for Refugees, which stated in its 1999 guidelines that detention should only be resorted to for a minimal period in cases of necessity. It also made a point that was made earlier about the UK Borders Act 2007. I moved amendments to the Bill, which, it should be said, were supported by Liberal Democrat Members, that would have applied the conditions of the Children Act 2004 to the Bill, but the Government rejected them partly for the reasons that were set out by the hon. Member for Hackney, North and Stoke Newington, and partly because they said that such conditions would render impossible the proper work of immigration officers. We doubted that on the grounds that the same duty is already applied to police officers who clearly have to make positive and occasionally coercive interventions against children. As it does not stop them doing their job, I was not convinced by the Government's arguments.

Nevertheless, even the UNHCR accepts that detention is needed in some circumstances. There are two central questions for the Minister to answer. Are we detaining as few children as possible for as short a time as possible, and are there alternatives to detention that would be equally effective?

The first question, which involves delays, is a long-standing problem of the whole asylum and, indeed, wider immigration system. Delay is still endemic. Asylum and immigration tribunals are overwhelmed because cases are not handled in the most efficient manner possible. Some of the victims of delay and incompetence are children, who are held in detention for far longer than I suspect even Ministers would wish to be the case.

I, too, have asked many parliamentary questions about Yarl's Wood. I was told that few children are held there for more than 28 days, but I doubted that response. Some of the evidence that has been produced today suggests that my scepticism was justified. It is clear that delays happen. They are part of a wider systemic problem. As was said earlier, Ministers talk tough but act ineffectually in this area.

The second big question is around potential options or proper alternatives to detention, which were discussed by the all-party group on refugees. I would like the Minister to deal particularly with two of the options that it mentioned. The Swedish option has already been discussed. Another option is electronic monitoring and tagging.

[Damian Green]

The UNHCR report on alternative detention notes that the 2001 Home Office evaluation of tagging in the criminal justice field stated that there was a 90 per cent. compliance rate among criminals. I am aware of recent research that is less positive about tagging, but I would be grateful if the Minister were to address it as a possible option. The point has been made that, of all the people who may be detained because of asylum and immigration matters, families are probably the least likely to abscond. Therefore, would tagging be effective?

The other alternative that I would draw to the Minister's attention is the work in Melbourne, Australia, of the Hotham Mission. I am sure that she is familiar with it, as everyone who deals with this area has been told that it works extremely well. It seeks to ensure a sound basis for improved welfare and to establish a safe environment for those who are the equivalents of those detained in this country. It houses 120 asylum seekers in 38 properties, provides support and runs a befriending programme.

Clearly, outcomes are important. The point about the Hotham Mission is that, of the people who had gone through the project, 43 per cent. received immigration status, 57 per cent. had their claims refused and left the country, and 0 per cent. absconded. That is a spectacular figure for this difficult area. If there is a project somewhere in the world in which 0 per cent. of people end up absconding, we should be looking hard at it.

Regardless of the wider immigration crisis, which shows no sign of improving, it ought to be easier to cope with the asylum system than it was a few years ago, as the numbers have come down—thankfully, largely because of the present absence of Balkan conflicts. I hope that the Government's refusal to insert a duty of care for children into the 2007 Act is not symbolic of their general attitude. As I said, I have some sympathy with the Minister, but I still need convincing that the Government are being either efficient or humane in their treatment of children in immigration detention.

10.46 am

The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier): I warmly congratulate my hon. Friend and neighbour, the Member for Hackney, North and Stoke Newington (Ms Abbott), on securing this debate on this important subject. I believe we all agree that her contribution was thoughtful, thoroughly researched and, as usual on this issue, passionate. She has a strong track record on immigration issues in her half of Hackney and here in the House.

I am heartened that there seems to be consensus in the Chamber that this country needs a firm, fair and swift immigration process and policy. The hon. Member for Taunton (Mr. Browne) asked whether the Government believe that we should have a strong immigration policy. Yes, we do, and that is one reason why we are unveiling changes. We are 100 or so days away from the new points-based system that will be launched in February, which will mean that only those whom we want to come to this country and contribute to it will be able to do so.

However, such a system will require enforcement. When I was first elected as a councillor in 1994 and first came across the issue of unaccompanied asylum-seeking children, I certainly did not think that I would stand here one day as part of a Government who have to make tough decisions about detention, including detention of children. It is not something that we aim to do but something that we have to do as part of the immigration process.

I shall outline some of the things that the Government are doing to try to reduce the number of children in detention, and measures that we have taken to improve their welfare. I shall also do my best in the time available to answer the many points raised, particularly by my hon. Friend, but by others as well.

The Minister for Borders and Immigration takes the matter seriously. Indeed, when he was putting together the UK Borders Bill and taking it through Parliament, he listened closely to what representatives of refugee and children's organisations said was needed to ensure that children in detention received greater support and care. For two years now we have had in the Border and Immigration Agency—formerly the immigration and nationality directorate—a children's champion. In June this year, my hon. Friend unveiled the children's code. If I have time, I shall go into it, but, as it has been published, I may have to skip over it more quickly than I would like.

Ms Abbott: If the Government are concerned about how children are treated in immigration detention, why do they not simply extend the provisions of the relevant children's legislation to children in detention? Surely that would be the easiest way. As has been pointed out, those provisions do not hamper the job of the police, so why should they hamper immigration officers?

Meg Hillier: My hon. Friend raises an interesting point. I hope that I will be able to answer some of those questions as I go through the matters that have been raised. The Home Office has attempted to ensure that the Border and Immigration Agency is much more focused on the welfare not just of children but, generally, of all the people for whom it is responsible. We have made some progress.

We are considering alternatives. I highlight particularly the Clannebor project in Yorkshire, where specialists work closely with families. Case conferences include the parents of the children in discussions about options for their going home voluntarily. We will be starting a similar pilot in Kent at the end of this year. The pilots take account of the Australian model to which the hon. Member for Ashford (Damian Green) referred, and we hope that they will lead to solutions and a reduction in the number of children in detention.

It is worth highlighting that children are in detention because their parents are at risk of absconding, or are on the point of removal. The parents have the opportunity of leaving voluntarily so that their children would not have to be in detention.

Ms Abbott: I seek the Minister's assurance that she is not saying that children are being detained because of the faults, crimes or suspected criminal activities of their parents.

Meg Hillier: I am happy to clarify that. The limited circumstances in which children may be detained under immigration legislation powers are when they are part of a family group for which detention is considered necessary. Occasionally and exceptionally, unaccompanied

children may be detained, perhaps overnight, when there is no other alternative for their care, perhaps because social services could not be contacted. That would happen only in extremis, and for their safety. The general principle, as I am sure my hon. Friend appreciates, is that detention is used only when necessary, and that is especially true for families with children.

The detention of families with children is, naturally, regrettable. No one wants that to happen, and the Government do not detain such families lightly. Such detention is emotive, but it happens and will continue to happen when those who have no right of stay in this country will not leave voluntarily. That is the point about parental responsibility. We would prefer families that have no lawful basis for staying in our country to accept that fact and leave voluntarily but, sadly, they do not.

My hon. Friend rightly raised the issue of vexatious judicial reviews, and it is worth noting that there are about 80 judicial reviews a month of people in detention, not all of them with children, but the Government have never lost a case on the policy of having children in detention. Regrettably, that often delays a family's departure and means that children are in detention longer.

Jeremy Corbyn: The Minister must share my concern about the quality of much legal representation, particularly in the initial stage of immigration. Does she believe that some cases have poor representation throughout, and that cases that could have been successful are often lost because of that representation? Should that not be looked at?

Meg Hillier: My hon. Friend raises an important point that I identified early on as a constituency MP. The quality of advice that people receive, not only on immigration but on other issues, is variable. I hope that the changes in legal aid support and the quality controls that the Government are trying to establish will also help in the immigration area. He is right to identify that better advice and support can help in a number of ways, not least to ensure that families are held in detention no longer than necessary.

Although families may be detained under the same criteria as individuals—while identity or claims are established, because there is a risk of absconding, as part of a fast-track asylum process, or to effect removal—it is not usual for them to be detained for more than a few days at a time, and they are accommodated in dedicated family rooms—*[Interruption.]*.

Mr. Bill Olner (in the Chair): Order. Two hon. Members are talking rather loudly while the Minister is addressing questions that other hon. Members have asked. Perhaps they will desist from doing so.

Meg Hillier: The hon. Member for Totnes (Mr. Steen) asked whether it is possible to visit detention centres, and has heard that other hon. Members have done so. The Government are always happy to facilitate hon. Members to make such visits.

Mr. Steen: Does that include the immigration service?

Meg Hillier: The Border and Immigration Agency and the Home Office would be happy to facilitate a visit if the hon. Gentleman wants that.

Detention of families is kept to a minimum, and my hon. Friend the Member for Hackney, North and Stoke Newington asked about the number of children detained after 28 days, and particularly about ministerial involvement. I will look into that further, and write to her or perhaps ask the Minister for Borders and Immigration to take up the matter. She made a fair point.

That brings me to the general issue of figures. We know how many children are in our detention estate at any one time, but that changes daily, which is often a reason for confusion because figures change as people are removed from the country. I acknowledge that there is still room for improvement in the published statistics, and emphasise that the Government are keen to be as open and transparent as possible.

We have introduced a number of measures better to identify, locate and refer children who are not in the estate, to which the hon. Member for Totnes referred. We are working on that, but children not in the estate are ultimately the responsibility of local authorities. I remember the issue from 1994 when I was first elected to a London borough council and became responsible for social services. It is worrying, and a balance must be struck between keeping children safe but not locking them up when in care, and ensuring that they have relevant support. I emphasise that since 2000, when I was a councillor, the Government have set up a network of authorities to provide better support because of the pressure to ensure that local authorities develop a reservoir of expertise.

The hon. Gentleman also referred to guardian ad litem, but children in detention are with their parents, and it is worth remembering that parents have ultimate responsibility for their children. It is not the Government's intention to separate children from their parents, and that is why, sadly, children go into detention more often than we like.

We are worried about children who go missing from care, and we are working on that with other Departments. It is not easy to solve the problem, but the introduction of identity cards, locking a child's identity clearly to themselves, will help, particularly where trafficking is concerned. I see informal adoptions in my constituency, and it is difficult to know where all the children have come from. Identity cards will be a major step, and I look forward to the support of the hon. Gentleman and his party as that matter progresses.

My hon. Friend was critical of the Government. She rightly highlighted that these children are exposed and vulnerable, but emphasised that they are with their parents. They are not taken away from their parents, and it is worth remembering that. The number of children detained at the longer end of the scale—for up to three months—has fallen, and we do not want it to be so high, which is why we have introduced the pilots. I will write to her with more details if she wants me to as time is short.

Every child in the system will have a single case owner so that families and individuals claiming asylum will have better support to progress their case more quickly. Delay is one of the main reasons for children being held.

I want to touch on medical treatment, which was raised by my hon. Friend and my hon. Friend the Member for Islington, North (Jeremy Corbyn). Children have access to GP-level services with ready access to

[Meg Hillier]

secondary and tertiary health care services in the community. All removal centre health care providers are in the process of registering with the Healthcare Commission, and will provide fuller oversight and the sort of accountability that my hon. Friend the Member for Hackney, North and Stoke Newington rightly raised. That is an essential part of the system.

Children in detention are subject to the Children Act 2004, which the courts have said must apply, subject to practical constraints that inevitably arise from the fact of detention. For example, two social workers from Bedfordshire work full time at Yarl's Wood to ensure that the Act is adhered to. We address psychological and health needs by providing an independent social work and health assessment for children detained with their families, as well as ensuring that everyone has access to GP screening, if they want that, in the first 24 hours.

I shall not have time to go through all the issues at Yarl's Wood, but the barred gate has been removed, and a normal door has been installed, which addresses one of the points raised. Changes have been made to ensure that children at Yarl's Wood receive a better service, but I am keen to continue the dialogue with my hon. Friend and to keep her appraised of that progress.

In summary, we have a central dilemma. Some people seeking asylum must be removed because they will not leave voluntarily. We do not want children to be detained, but should we separate them from their parents? I do not believe that children should be released into local authority care and separated from their parents. Our option is slightly better, but our main aim is to reduce the number of children in detention through the pilots that I outlined, and we use tagging when that is appropriate. I hope that those measures will reduce the number of children detained unnecessarily.

Local Government (Norfolk)

11 am

Mr. Keith Simpson (Mid-Norfolk) (Con): I welcome the opportunity to debate this important subject and I look forward to being under your chairmanship, Mr. Olner. I also thank the Minister for being here to answer our questions, because he had to rearrange his diary to do so, and I am particularly grateful to him because he is the Minister responsible for this issue. A number of colleagues from Norfolk are also here. The hon. Member for Great Yarmouth (Mr. Wright) contacted me to say that he is unable to be here because of a Select Committee commitment, but the hon. Member for Norwich, North (Dr. Gibson) may grace us with his presence later.

I initiated the debate to express my concerns about the Government's proposal to have the boundary committee consider a unitary authority based on an expanded Norwich city, and about the consequent changes for the county and district councils in Norfolk. The view in Norfolk—certainly among Labour members in Norwich—is that a Norwich unitary authority is a done deal and that Ministers have already made their decision. Indeed, so confident is Norwich city council that, in September, it appointed a director of transformation—that is almost like something out of J. K. Rowling's "Harry Potter"—on a modest stipend of £90,000 a year. We should remember that that was before the Local Government and Public Involvement in Health Act 2007 had passed through the House. The director's remit was to help to "shape and deliver" a new unitary council—no ifs, no buts.

My purpose this morning is to impress on the Minister that there is, to say the least, a considerable lack of support in Norfolk—and, I suspect, limited support in Norwich—for his specific unitary proposal. There are serious questions about the nature of the proposal, the impact on local communities and the danger that the county of Norfolk as an administrative unit will be abolished. Whatever people's views on the issue, however, perhaps the most fundamental question is about democratic accountability.

I remind the Minister that for many of us in Norfolk this latest initiative follows the failure of Norwich's bid this summer to become a unitary authority. It failed to meet the Government's own criteria, and that was thought to be due to the inherent weaknesses of the city's current boundaries. The Government have therefore now decided to move the goalposts and establish a unitary authority based on an enlarged city boundary.

I represent the constituency of Mid-Norfolk, which is shaped rather like a large banana resting on top of Norwich. There are two district councils in my constituency—Breckland to the west and Broadland to the east, and local government in both gets high marks for council tax and the delivery of services. Parishes in Broadland are divided between the constituency of Norwich, North and my constituency, so I must declare an immediate interest.

Following the original bid earlier this year, I did not receive one letter, telephone call or e-mail supporting the bid for a Norwich unitary authority and the possible impact on Broadland district council or Norfolk county council. In fact, quite the opposite happened, and I

received hundreds of letters, phone calls and e-mails opposing the proposals. Every town and parish council formally objected, and those formal objections will be on the files in the Minister's Department. Those objections were based on a perceived threat to county and district councils that were efficient, gave value for money and which the Government themselves rated highly for the delivery of services. Sadly—this is sad—the perception of Norwich city council was the opposite, and the Audit Commission qualified its accounts in 2004-05 and 2005-06.

Local Norfolk opinion was best summed up in an editorial in the *Eastern Daily Press* on 23 June 2007:

"We have long believed that there is no need for the change. Norfolk County Council is a four star authority, while Broadland has the best record in the country on such issues as recycling. Why, then, hand the keys to a council"—

Norwich—

"far beneath the Premier League on performance and service delivery?"

That opinion is as relevant today as it was in June. My concern is that the Minister has decided to use the model of a Norwich unitary authority as a baseline to reorganise local government in Norfolk, and that his unofficial riding instructions to the boundary committee have ruled out the status quo.

Mr. Richard Bacon (South Norfolk) (Con): As my hon. Friend mentions concerns about Norwich, will he reflect on the opinion of the Audit Commission, which said that Norwich city council's financial management was not yet fit for purpose?

Mr. Simpson: My hon. Friend is a distinguished member of the Public Accounts Committee and has emphasised the point that I, sadly, am trying to make, which must bear heavily on the mind of the Minister, who is, of course, a former Treasury Minister.

I urge the Minister to think again. There are two obvious reasons why the status quo should be considered and, indeed, act as the template. First, we have a documented, agreed set of statistics on council tax, performance, delivery and accountability, with which theoretical options can be tested. Secondly, given Norwich city council's at best uneven track record, it is surely absurd to use an underperforming model as the template. We would not do that in business, and my experience of the Ministry of Defence is that such a model would go into what the Army calls the "laugh and tear up file".

Mr. Charles Clarke (Norwich, South) (Lab): I would be grateful if the hon. Gentleman could clarify whether he is opposed to unitary authorities across Norfolk in all circumstances or just to the procedures and processes in this particular case. I have several comments to make later about some of his earlier remarks, but what is his stance on unitary status for Norfolk full stop?

Mr. Simpson: I do not want to be discourteous, but if the right hon. Gentleman had read the *Eastern Daily Press* over the past few weeks, he would have seen what my position is. I happen to be in favour of the status quo, although other people have different views, which is perfectly legitimate. There is a discussion to be had about the principle, to which the right hon. Gentleman will undoubtedly return in a minute, but I am concerned both with the principle and the processes.

Mr. Clarke: Is the hon. Gentleman in favour of a two-tier system, not a unitary system, in all circumstances?

Mr. Simpson: I do not know, frankly. I want to have an honest debate in which all the options are under consideration. As I have tried to emphasise, it is obvious that the template must be the status quo, but it is not on the agenda. There are perfectly legitimate reasons for considering different variations as regards unitary authorities, but the status quo must be considered as a template or an option.

We now come to consider and question the process by which the Minister seeks a unitary solution. He is minded to ask the boundary committee to consider the issue. Much to the surprise of many of us in Norfolk, the boundary committee, under its chairman, Mr. Max Caller, has begun the process. To date, it has received no written terms of reference from the Minister, but that did not prevent it from beginning consultation even before the Local Government and Public Involvement in Health Act 2007 had been passed in both Houses. Indeed, it has effectively issued an ultimatum to the county and district councils to produce proposals based on a unitary model by the end of the month. They have been told that the status quo is not an option, and non-participation will mean non-consideration.

By means of letters and telephone calls, I have attempted to establish the boundary committee's remit. My noble Friend Baroness Shephard of Northwold attempted to do the same in a debate in the other place on 12 November, as did my noble Friend Lord MacGregor of Pulham Market in a debate on 14 November. Neither obtained a satisfactory answer. The point that they made, and my point now, is that the boundary committee's demand for councils to produce proposals by the end of the month, when there are no ministerial terms of reference, may, as my noble Friend Lord MacGregor put it, be illegal—and it is certainly, to say the least, bad practice. Will the Minister confirm that as yet there are no terms of reference for the boundary committee? If so, will he advise the boundary committee to cease its harassment of our councils and remove the arbitrary deadline of the end of the month? I was told by one boundary committee official that the purpose of the deadline is to enable the boundary committee to consider proposals according to a timetable.

I have used the term "harassment" advisedly. All the Norfolk councils that I have spoken to have said that the chairman of the boundary committee and his officials have been very pro-active, and rather menacing. Indeed, in an interview that the chairman gave to the *Eastern Daily Press* on 6 November, the reporter noted that local council leaders and officers had been told that he "carries a big stick" and that non-co-operation in the process is not an option. Despite still being opposed to the unitary authority case, those district and county councils have been forced to prepare options that are not their first choice, have serious cost implications and are not supported by any public mandate.

To illustrate how biased the process is, I shall quote from an interview that the chairman of the boundary committee gave to the BBC's "Politics Show" on 26 October, which can be found on its website:

"Q: Is retaining a two tier authority an option? Because many people claim that this exercise is now a paper one and that a unitary future is inevitable.

[Mr. Keith Simpson]

> A: Well a lot will depend on the terms of the invitation that the Secretary of State gives the Boundary Committee but we think we are going to be invited to propose a pattern of unitary local government for the county, and the only way we would not propose such a pattern is if we were convinced that the two tier system was better than any unitary proposal that we could come up with. And I honestly think that's unlikely."

So it has already been decided—that is a fact—by the chairman of the boundary committee, before his terms of reference have even arrived.

It seems to me once again that that creates fertile ground for a future judicial review, and the involvement of the Audit Commission. It is almost Alice in Wonderland. Hon. Members will recall the Queen of Hearts who was always screaming "Sentence first—verdict afterwards." Whatever the merits or demerits of the local government reorganisation for Norfolk, we can be sure of one thing: the people of Norfolk will be consulted only on the margins. In the BBC interview that I mentioned, the chairman of the boundary committee said:

> "It's not the function of the Boundary Committee to hold a referendum, that's not the way we do business. We want to know that there is a broad cross section of support but that's not the same as a referendum. And it's evidence and argument that we're interested in rather than five thousand emails all saying the same thing."

Up to a point I agree with that. We have all been subject to a mass lobby. However, it seems to me that that is the attitude of a non-elected functionary who has already made up his mind, rather than someone approaching an issue with an open mind.

I remind the Minister and the chairman of the boundary committee that democracy matters. In fact, that statement is the logo displayed proudly at the bottom of the boundary committee's notepaper. The trouble is that public opinion will count only in a very general, loaded way. As far as I am concerned, democracy counts when we have elections and issues are placed before the people. In the May local elections my party took seats from other parties in Broadland, and the same thing happened in South Norfolk. That was achieved on a platform of opposing the Norwich unitary authority. That is cause and effect. It matters. It is direct democracy—not a lot of sham workshops, stakeholders' meetings and what Baroness Hollis of Heigham, opposing a referendum in Norfolk in a debate in the other place on 8 October, at column 72, called a "reiterative process"—whatever that consists of.

The Minister and the chairman of the boundary committee must face facts. There is no majority constituency in Norfolk for their proposal. Indeed, the more coverage the fixed proposal receives, the more it arouses the opposition of Norfolk people. At a purely constituency level, I should be very grateful for the publication by the *Eastern Daily Press* of the enlarged boundaries of a greater Norwich. The reaction that I have received has been considerable. I have not even touched on the costs incurred in the exercise. Norfolk county council has already allocated £250,000. The borough council of King's Lynn and West Norfolk has allocated £200,000, South Norfolk council £200,000 and Norwich a minimum of £90,000. What about the time, effort and morale of officers working in the district and county councils?

We have been here before. The Minister may not be aware of it, but for the past six years the primary care trusts have been organised and reorganised from one to six and back to one. In the latest attempt of the Norfolk primary care trust to rationalise local community hospitals it was forced by public opinion to beat a retreat. I am grateful that the right hon. Member for Norwich, South (Mr. Clarke) is here, because I also want to refer to the example of the proposed amalgamation of police forces—Norfolk, Suffolk and Cambridgeshire. We were told that it was a done deal. All the arguments stacked up. It would happen. Everything was prepared. Thanks not least to the efforts of my hon. Friend the Member for South Norfolk (Mr. Bacon), the right hon. Member for Norwich, South was sadly—I mean that—forced to resign as Home Secretary, and within a week his successor had said that amalgamations would not take place. How does the Minister think the people of Norfolk and Norwich will trust Government proposals such as the present ones? Nothing is set in concrete.

In case I am being too parochial, let us consider what is happening elsewhere in the country, with the process of forcing unitary authorities on counties. In Cornwall, there is chaos and confusion; in Cheshire, there was a judicial review, which was rejected, but a right of appeal has been granted; in Bedfordshire, councils have been set at each other's throats, and there are calls for judicial review. None of the time lines laid down by Ministers has been adhered to. That relates back to the time line set by the boundary committee.

Given the present dog's breakfast, I suggest to the Minister first that he should establish and publicise the terms of reference for the boundary committee, taking into account the majority desire across Norfolk for the status quo—he should recognise that as an option that must be considered. It might turn out not to be the option that he, or, indeed, the majority of Norfolk opinion, goes for, but it should be considered seriously. Secondly, I suggest that he should advise the chairman of the boundary committee to remove an artificial deadline for the submission of proposals by councils, given that there are no terms of reference. The deadline of the end of the month must be removed. Thirdly, he should establish a proper way by which any proposals may be tested against public opinion—what Norfolk people want or specifically do not want. That should encompass Norfolk across the board—the people of Norwich, Cromer, Aylsham, Watton and King's Lynn all have a right to know. It is just dawning on people beyond greater Norwich that the Minister's proposals will have a direct impact on them.

This is an issue on which different MPs and parties will hold different views, but there is a suspicion in Norfolk that a done deal has already been accepted, and that Norfolk will just have to accept what is given to it. The chairman of the boundary committee, with his experience in Haringey, may think that we are a bunch of hicks. Let me tell him that we are not. Democracy matters. Norfolk will not let itself be abolished.

Several hon. Members *rose—*

Mr. Bill Olner (in the Chair): Order. A number of hon. Members wish to participate in the debate and I want to bring everyone in if I can, but I must warn hon. Members that I intend to call the first winding-up speech at 11.55 am.

11.19 am

Mr. Charles Clarke (Norwich, South) (Lab): I am grateful to you, Mr. Olner, for that comment and to the hon. Member for Mid-Norfolk (Mr. Simpson) for organising the debate—it is an important subject and I am glad that he has done so. I am also grateful to the Minister for the decisions that he took in the summer to deal with what was a long-standing and significant issue—namely, the absence of unitary status for a great city such as Norwich.

I begin from the position of believing that unitary authorities are, in principle, beneficial. There are a number of issues, such as planning, transport and economic development, particularly in a growth area such as Norwich, which make it extremely important that there is a coherence rather than dislocation of public authorities. I could cite a great number of examples of discontinuities between the county and the city on important development issues around the city, but I do not wish to take up everyone's time. Those problems are acute because Norwich has been identified—rightly—as a major growth area for the coming period, and the large amount of economic development will involve matters relating to infrastructure. I profoundly believe that we will get more coherent, transparent and effective decisions if we have unitary local government, as in other parts of the country.

It would be bizarre if places such as Peterborough and Ipswich were to have unitary authorities, but cities such as Norwich did not. That is why I applaud the decisions taken by the Government and my right hon. Friend the Secretary of State for Communities and Local Government earlier this year, specifically regarding Norwich, because the difference between its municipal boundaries and its actual physical boundaries—the built up areas that fall within a number of hon. Members' constituencies—is greater than any in the country. That is a reflection of the fact that Norwich has been a growing city for decades, but the municipal boundaries have not changed to take account of it. The various inconsistencies are still more acute in Norwich than they would otherwise have been. I am glad that the Secretary of State decided to look at Norwich's situation and the case for unitary status on the basis of wider boundaries than were previously suggested, and that the Minister was able to carry through and announce that. I welcome those decisions.

I must contest the assertions made by the hon. Member for Mid-Norfolk on popular support. It may seem strange to him, but we in Norwich also have elections. The elections that took place in Norwich on the same day as those in his constituency gave an overwhelming mandate for unitary status. The Labour party, the Green party and the Liberal Democrats were strong supporters of unitary status for the city of Norwich. Overwhelmingly, those parties make up the elected city council of Norwich. The Conservatives were against the proposal.

I am glad to tell the hon. Gentleman that I read the *Eastern Daily Press* every day. My problem with what he said arose from the fact that I could not draw out his position from his interviews with the paper, because it appeared a lack coherence. However, he has now made clear his opposition to unitary status in all circumstances.

Mr. Keith Simpson: I shall send the right hon. Gentleman a copy of the *Eastern Daily Press*. I have always said, as has been quoted, that I happen to be in favour of the status quo. It is as simple as that.

Mr. Clarke: I understand that, and it is what the hon. Gentleman told the *Eastern Daily Press*. The question that I asked was slightly different. I understand his argument—it is a traditional conservative argument, which says there should never be any change—and that he is in favour of the status quo. The question, which he was good enough to answer when I asked it earlier, was about whether he fundamentally believes that unitary status will be a good thing in future. The previous Conservative Government, as was clear from their dealings with boundary commissions, believed that there was a case for unitary status. His heroine, Baroness Thatcher, put forward changes that abolished urban counties for exactly the same reasons, so it was therefore not self-evident that a Conservative politician would be opposed to unitary status in all circumstances. I understand the conservative argument that there should be no change, but that is the issue I pursued, and I was grateful for his clarity and candour in response to my earlier questions.

My point is that there is strong support in the city of Norwich for unitary status for the city, contrary to what the hon. Gentleman said. If he looked at the business community and at a wide range of voluntary and community organisations, quite apart from votes cast at elections, he would see that there is strong support for the changes, and rightly so.

Mr. Simpson: Will the right hon. Gentleman remind the House whether Labour party election literature in Broadland and South Norfolk specifically supported unitary status during the last elections, and whether that was part of the manifesto?

Mr. Clarke: I do not recall the exact manifesto published in each ward in the city of Norwich, but it is clear, as the hon. Gentleman acknowledged, that the leadership of the Labour group on the city council and the Labour party said on many occasions that they strongly supported unitary status for the city. I believe that that was reported in the *Eastern Daily Press*. The Greens, to be fair them—I am not often fair to them—supported it, as did the Liberal Democrats who used to run the city council, as the hon. Member for North Norfolk (Norman Lamb) will probably confirm. There is no doubt that there was a clear mandate on the issue in Norwich.

Finally, on the point the hon. Member for Mid-Norfolk made about the done deal, he gently and kindly reminded me about police reorganisation, but I should remind him that the police authority in Norfolk and many others supported the changes, and that nothing is a done deal in politics until it happens. Anybody who suggests that it is a done deal is wrong. Rather, the Government, to whom I pay tribute, have recognised the case and appointed a series of independent individuals as part of a statutory process to look at the issues in detail. I am sure the Minister will describe that process when he responds. That is precisely what ought to happen, and what the Government ought to be commended for.

[Mr. Charles Clarke]

I wish that the hon. Gentleman would, unlike his colleagues, say that he welcomes the change, sees the benefits that might accrue, and put forward proposals. The leader of the county council in Norfolk—a Conservative—has made his proposals for, in this case, a unitary county, but he accepts the principle of unitary status. Other Conservatives are making similar arguments. The Conservative party would be best served if its elected representatives saw the merits of the case and engaged in a serious discussion about what is best for the future of the county in the same spirit as the Minister.

I am grateful that we are having this debate, and I hope that it will continue in a free and open way.

11.28 am

Norman Lamb (North Norfolk) (LD): I congratulate the hon. Member for Mid-Norfolk (Mr. Simpson) on securing the debate. It is important, but I sense that there is a lack of opportunity for these issues to be discussed publicly in Norfolk and for public engagement.

My starting point is different from that of the hon. Gentleman. If I were starting with a clean sheet of paper, I would opt for a unitary authority. There is a case a for having one authority to deliver all services: there would be clarity so everyone would know which authority delivered local services, and one hierarchy, so it would be likely to be cheaper. There seems to be a compelling case on paper if one is starting afresh. However, we must ensure that there is clear evidence on which to build a case for change. Surely we are all in favour of evidence-based policy making. When I met the boundary committee, I naively put to it my presumption that it had clear evidence of the case for unitary authorities—namely, that they deliver better services with better co-ordination, that they are cheaper to run on the whole, and that they provide better value for money. The response that I received concerned me. The committee said that the evidence was pretty mixed. There is no clear evidence that unitary authorities deliver better services, better co-ordinated services or even better value for money.

If the Minister agrees that we should be engaging in evidence-based policy making, is there any justification for an incredibly expensive change that would use resources that are needed to deliver services to the people of Norfolk? On what evidence has he based his case if even the boundary committee says that there is no evidence? That seems to be absolutely fundamental.

The hon. Member for Mid-Norfolk mentioned health and social care. The Government made something of the fact that by last October Norfolk was close to achieving in health and social care what they call coterminosity. At long last the primary care trust, as the commissioner of health services, broadly matched the social services authority—the county council. The Government saw that as a good thing, and I agreed. There is a real problem with co-ordinating health and social care, and a horrible organisational divide between the two. It makes a lot of sense to have those services at the same organisational size when starting to try to integrate them. Six months later, the Government are talking about destroying all that. I find that utterly bizarre, if we are in favour of evidence-based policy making.

The process is horribly flawed. The initial process involved Norwich city council putting forward a bid for unitary status. Inevitably, it concentrated on its own concerns and the bid neglected the concerns and interests of the rest of the county—a completely flawed process. When the Government considered the bid, they reached the remarkable conclusion that they would reject the application that had been made but would approve in principle an application that had not been made and that they would do so without any evidence in favour of or opposing such an application. That is scandalous and completely contrary to evidence-based policy making.

The process is quite remarkable and bizarre. Local authorities have been asked to present their cases in principle for a unitary option for Norfolk before the terms of reference have been issued. No one would believe it if it were not happening. It is remarkable. Nevertheless, that is how the Government want to proceed. Local authorities are being put into a straitjacket. They feel that they have no option but to put forward proposals that they may not be convinced about and that will inevitably be rushed through. The time scale is utterly ludicrous.

On cost, over the summer I made requests under the Freedom of Information Act 2000 to Norfolk county council and Norwich city council. The two authorities have together spent £600,000 on the initial process at a time when services for elderly people in our county are being cut and when many of our schools need extra funding. How on earth can anyone justify spending £600,000 on an initial process when there is such a need for funding for services in a rural county such as Norfolk, which has serious problems with educational attainment? That is scandalous. Incidentally, that amount covers the start of the process. As the hon. Member for Mid-Norfolk said, every authority is setting aside £100,000 or £200,000 to cover the main process. That beggars belief.

I have argued for a Norfolk convention. I do not want that to be a Liberal Democrat initiative or a Liberal Democrat-run idea. I want everybody to consider it seriously as a way forward. We should not have a political carve-up. We should engage the people in Norfolk and civic society in such judgments. Self-evidently, people should be able to consider the status quo option. It is extraordinary to rule out one option, particularly given the fact that there appears to be no evidence to support the idea of change. At the very least, the evidence is mixed.

At all costs, I oppose the concept of a political carve-up. I share the suspicion voiced by the hon. Gentleman: this is probably a done deal. I assume that Norwich city will get its unitary status whatever the people of Norfolk say. However, the criterion that we are told should apply—that any proposal should be supported by a broad cross-section of the community—will not be met. One can tell from hon. Members in the Chamber that the county's political leaders are all over the place, with varying views on the issue. There is no gathering of support for any unitary option.

What is happening is a democratic outrage. We must not have a political carve-up. We must slow the process down and allow proper consideration by the people of Norfolk. Those people should decide.

11.36 am

Mr. Henry Bellingham (North-West Norfolk) (Con): It is a pleasure to follow the hon. Member for North Norfolk (Norman Lamb). I congratulate my hon. Friend the Member for Mid-Norfolk (Mr. Simpson) on securing this important debate.

I was interested to hear the speech made by the right hon. Member for Norwich, South (Mr. Clarke). Norfolk has seven local authorities and, apart from one, they are all performing very well. The flaw of his argument about Norwich is that the council has failed consistently and is by far the worst performer of the seven authorities in Norfolk. As my hon. Friend the Member for Mid-Norfolk pointed out, the Audit Commission was damning in its two reports on Norwich city council.

The city council failed in its bid for unitary status on all five criteria. The right hon. Member for Norwich, South talked about Peterborough and Ipswich, but they happen to be well-run authorities. In the wider counties that are involved, there is considerable support for unitary status for those councils. That support does not exist for Norwich's case. Norwich is entirely on its own in Norfolk. There may be some support in Norwich, but I doubt that it is substantial. If we consider the different organisations that cover Norfolk, there is no support for unitary status for Norwich.

I find it absolutely staggering that the boundary committee has received no terms of reference from Her Majesty's Government, but has begun preliminary work. It has said to the local government family in Norfolk, "Go out there, and try to come up with some solutions." As my hon. Friend the Member for Mid-Norfolk pointed out, those organisations are being forced to spend substantial amounts of money on the process and the chairman of the boundary committee has been menacing and proactive. Based on everything that the chairman has said, one would conclude that it is already a done deal. Why should the local authorities in Norfolk have any dealings at all with the committee? It has no terms of reference, and I do not see why those authorities should engage with it in any way, shape or form.

Do we need change in Norfolk? The binary system that we have works well. Norfolk county council is a four-star council and has done extremely well. My local borough council, King's Lynn and West Norfolk, is a beacon authority. Its focus on regeneration, value for money and accountability is second to none in the country. It has delivered better services with a reduced council tax demand. Let us consider the other district councils. Great Yarmouth has improved hugely over the years. North Norfolk is a good council. There are also Broadland, Breckland and South Norfolk; we have some excellent councils in Norfolk. The current system is working well.

Could unitary government work in Norfolk? Of course it could in theory, but in practice I am persuaded that, because Norfolk is a large shire county, some of the functions performed by the county council can be carried out only on a county-wide basis, with one authority in strategic control of functions such as highways, education and social services. A county council is needed to provide that framework. However, functions such as housing, planning, environmental health, and regeneration could be carried out by the county council only at the expense of accountability and only in a remote way, which is why they should be performed at the local level. That explains why the binary system works well in a county such as Norfolk.

We have a dilemma, therefore. Norfolk county council is obviously too large to carry out the whole panoply of local government functions, yet the existing boroughs are far too small to become unitaries. The only way to move forward would be to have complete upheaval, so why change things? As my hon. Friend the Member for Mid-Norfolk said, the proposals are entirely politically driven; there is no public support for them whatever.

As for cost I, too, have had a look at primary care trust reorganisation. Ten years ago, we had the Norfolk health authority, which itself was the consequence of a substantial number of earlier reorganisations. It was working very well, but the Government came along and said that health commissioning needed to be brought closer to the public, so they set up five or six PCTs across the county, all with their own chief executives, directors of finance, directors of corporate affairs and whole armies of bureaucrats. Ten years on, it was decided that that system was not working well, so we went back to the Norfolk health authority concept. In the meantime, various senior officials in the health service walked away into the sunlit uplands with redundancy packages of £300,000, £400,000 or £500,000, costing huge amounts. There was no consultation with the wider public.

I have been reading a report entitled "The 2006-07 DCLG Process for Creating New Unitary Authorities in England" that was prepared recently by Professor Michael Chisholm and Professor Steve Leach. In their conclusions, they were absolutely damning of the Government. They said:

> "The process is so flawed that it corrupts the body politic".

They also said that retrospective legislation was in principle pernicious and that the process was biased in favour of unitary outcomes. The Minister should read the report if he has not already done so, because it is extremely critical of what has happened so far.

Do we need any change? My strong view is that there is no such need at the moment, because the status quo works very well. Of course, if one were starting local government in the shire counties from scratch, one might well consider a unitary solution. The pragmatic approach, however, is to ask why something should be changed if it is not broken.

There was a quotation from a Government Minister in one of today's papers, which said:

> "The public hates the word 'reform'; people think that means changing things for the sake of it."

The proposals constitute just that: change for the sake of change, with absolutely no wider public support and with a Government organisation—the boundary committee— completely out of control.

I urge the Minister to listen to Norfolk MPs. We are saying, "By all means go ahead with the process, but please do not rule out consideration of the status quo."

11.43 am

Mr. Richard Bacon (South Norfolk) (Con): It is a pleasure to follow my hon. Friend the Member for North-West Norfolk (Mr. Bellingham). I shall take up where he left off on the theme of change, because it

[Mr. Richard Bacon]

seems to me that the proposals are just the latest example of an insatiable desire that affects all Governments to engage in fiddling and changing things. I shall examine that theme generically and discuss the lessons that can be learned for Norfolk.

Wherever proponents of change are found—in the private or public sectors—it can be useful to look at how the same issues emerge, the same dramatis personae take to the stage, and the same stratagems are employed to achieve change despite strong and often compelling arguments against it. That applies in activities as apparently diverse as mergers and acquisitions of commercial companies and in delivery of changes in the adult education system or in the tax and credit system—to take two examples purely at random. I do not know why the Minister smiles, because the record shows that a lot can be learned in both of those areas. He should know that better than most, but I shall not dwell on that subject. The delivery of new computer systems is another such activity, as are private finance initiatives and the conversion of mutual building societies into banks.

Mr. Bill Olner (in the Chair): Order. The hon. Gentleman is not discussing local government in Norfolk.

Mr. Bacon: Thank you, Mr. Olner. I was about to mention the reorganisation of local government. Whichever activity is under discussion, the proposed changes usually have certain common features. The benefits of the change are often questionable and unproven. It is worth saying at this point that one is not opposed to all change, in all circumstances, all the time. Nevertheless, the right hon. Member for Norwich, South (Mr. Clarke) correctly articulated the Conservative position, which is that, if change is not absolutely necessary, it is necessary not to change—not least because change can itself bring all kinds of unpredictable and undesirable consequences in its wake.

Mr. Charles Clarke: Does the hon. Gentleman accept that nevertheless, for my constituents in Norwich, South, it is indeed absolutely imperative to change, for the reasons that I set out?

Mr. Bacon: Not necessarily. The first thing that the citizens of Norwich need is a council that can look after their money properly, rather than one that, as the Audit Commission has said, is not fit for purpose. Once the council has got its basic management sorted out, it could think about other things, but it should put the tasks in the right order first. However, let me repeat that my party is not opposed to change in all circumstances.

Mr. Keith Simpson: My hon. Friend may not be aware of an article that was published in September in the *Eastern Daily Press* in which the right hon. Member for Norwich, South (Mr. Clarke) put forward his arguments in favour of unitary authorities. It illustrates the very point made by my hon. Friend. The right hon. Gentleman was quoted as saying:

"I think the position of the city council to reject a £20m investment in one of the areas of greatest need is educationally ignorant and particularly backward-looking. You have to question the seriousness of the city's unitary bid. People will look at the position the city council has taken and think—what is it doing turning £20m down?"

His assessment of his own city council is pretty abysmal, therefore.

Mr. Bacon: My hon. Friend makes the point very eloquently. As I was saying, a number of common themes emerge. One is the theme of huge financial costs, which are usually much larger than originally stated. Another is the presence of characters who stand to benefit from change whether or not the wider interests of the organisation and of its customers are served. Last is that of a jargon or patter that, at least superficially and on first hearing, makes what sounds like a convincing case for change.

It is no coincidence, therefore, that the proponents of change often adopt the same approach, in which the first tactic is to overstate the benefits. For example, most GPs say that it would have been better not to have proceeded with the NHS IT system, even though it promised huge benefits. Another example is that of mergers and acquisitions, most of which fail—although loads of people make money from them.

The second tactic is to understate the risks and costs. The Minister knows all about that from the example of individual learning accounts, which I mentioned earlier. And who would now doubt, despite the benefits that were touted at the time of demutualisation, that Northern Rock would have been better off had it remained a mutual building society rather than converting to a bank?

Another important tactic is to act very fast so that there is little time for those who doubt the wisdom of the proposal to examine the case against it. A good example of that is the tax credits mess, in which the timetable for testing whether it would work was compressed almost to the point of extinction. Many hon. Members have seen the results of that in their constituencies.

I am tempted to say that another common theme is emerging in cases in which there has been a mess: the presence of the Minister. I shall not say that, however, because it would do him a disservice. He was a Treasury Minister for many years, and I am told that once one puts on a Treasury hat one can never entirely take it off. I am hoping, therefore, that he will view the proposals with a very jaundiced eye—not because change is always bad, but because one should make the case for it stack up, which nobody has yet convincingly done.

The people who benefit from change go by different names. Sometimes, they are called merchant bankers and lawyers. They look for transaction fees. Sometimes, they are called chief executives—a phenomenon that is common to both the public and private sectors. On occasions, they stand to receive an enormous pay-off if they lose their positions, and so face the enticing prospect of financial independence for many years to come without the inconvenience of actually having to work. Sometimes, the people benefiting are called professors of local government, who receive commission for writing long and important reports. The people who lose are often the same, although with different names: council tax payers, shareholders or people who want their garbage collected once a week and find that that is not possible.

The last category is the cadre of professional explainers or witch doctors who explain how marvellous everything is going to be. Sometimes they are called PFI consultants;

sometimes they are called financial PR consultants—I should declare an interest in that regard—and sometimes they are called Ministers. The key is to develop a convincing patter. Plausible examples are needed of how silly the present system is. An example might be that parish councils cut the grass, but district councils clean the pavements or county councils clean the roads. It might be that district councils collect waste but county councils dispose of it, or that counties deal with social services, whereas districts deal with housing.

The essential point about all these examples is that the proposals—if one can call them proposals in the absence of terms of reference—for local government change in Norfolk exhibit all these characteristics. The benefits are entirely theoretical. We can have a debate about the benefits, but as the hon. Member for North Norfolk (Norman Lamb) said, they are benefits on paper. We have had loads of experience in this respect. If 25 reorganisations of the national health service since 1982 have taught us anything, it should be that organisational tinkering must be treated with great caution.

There are enormous risks. The creation of, say, four social services departments where there is currently one involves enormous risks. There is the potential nightmare of organisational change, with vulnerable children—goodness knows, we have had experience of that issue in Norfolk—falling through the gaps in the new organogram, at a time when we have barely digested the changes caused by the merger of educational and social services for children into a new department.

The cost estimates vary, but they have been put conservatively at £100 million. I should like to know where that money is coming from. We have just had a very tight settlement through the comprehensive spending review. Why should the poor council tax payer stump up for what are at best theoretical benefits? For that matter, why should the central Government taxpayer stump up—after all, they are mostly the same people—when there are so many better things, as the hon. Member for North Norfolk pointed out, on which we desperately need to spend money?

In any case, those are conservative estimates. By how much will we see the costs explode? The largest component of the reorganisation of the police service in Norfolk, Suffolk and Cambridgeshire proposed by the right hon. Member for Norwich, South—the cost was £88 million—was merging the IT, at a time when people were saying that they wanted more police officers. How much will it actually cost to merge the IT of the different local authorities in Norfolk? No matter which proposal is chosen, we have to have the status quo as an option.

Of course there are characters around who stand to benefit from the process of change, whether the wider interests of the organisation and its customers are served or not. If we had several unitary councils, there would be several new social services directors, education directors—call them what you will; even with the merger of children's services, there would be new senior staff—and directors of planning and transportation. My hon. Friend the Member for Mid-Norfolk (Mr. Simpson) mentioned the transformation director, on a stipend of £90,000. How much transformation we get for 90,000 quid remains to be seen. The answer is probably not much. If, however, we have a unitary council, there will be a number of highly paid officers taking enormous redundancy packages, as we have already seen in relation to primary care.

Once again, we have seen the tactic of acting very fast so that there is little time for those who doubt the wisdom of the proposal to examine the case. The chairman of the boundary committee is going around prejudging what form of government will emerge from the process in a way that is possibly unlawful, as we have heard, and certainly dangerous for democracy and consultation. Astonishingly, councils are expected to provide intelligent answers on local government reorganisation when they have not even been told what the question is.

Finally, a jargon or patter is needed that will at least superficially, on first hearing, make what sounds like a convincing case for change. Fortunately, that is not my job. I await a reply from the Minister, but I remain to be convinced.

11.53 am

Mr. Christopher Fraser (South-West Norfolk) (Con): I am conscious that only two or three minutes are available to me so I will keep my remarks brief. I congratulate my hon. Friend the Member for Mid-Norfolk (Mr. Simpson) on initiating the debate, which is timely in that we want to get things right for the people of Norfolk.

Does the Minister agree with me that the central aims when determining local government structure should be strengthening local services, bringing decision making closer to the people and improving efficiency? The Conservative party put those three issues to the electorate in Norfolk at the last local elections and received a substantial mandate.

Does the Minister agree that restructuring councils into fewer authorities than the eight that currently exist will create bodies too large to deliver the standard of local services that local people have come to expect within the current structure? That is a point lost, I hasten to say, on the right hon. Member for Norwich, South (Mr. Clarke), who has chosen to leave the debate at this stage. I am sure that we will take that point up with him afterwards.

I have various questions that I should like to put to the Minister quickly. I put it on the record that if he cannot give us responses in his closing remarks, I shall be very pleased if he responds to me in writing. Why is the status quo in terms of two-tier working not an option for Norfolk? When is it anticipated that the boundary committee will be given its terms of reference? What, if any, mandate does the boundary committee have to require councils to engage in a process before receipt of the terms of reference? Subject to the response to the two previous questions, is it realistic and acceptable for the boundary committee to hold local authorities to a submission date of the end of November if it will not receive its terms of reference by that date?

Can the Minister give an insight into any predetermined outcomes, especially with regard to the number of unitary authorities that would be acceptable for Norfolk as a county? If there is no predetermined number, will he provide assurance that all unviable proposals will be discounted after initial consideration in order to avoid the unnecessary use of local authorities' scarce resources?

What is the status of Norwich's bid? Is a unitary Norwich a predetermined outcome? Is the approach being taken with regard to Norfolk a precursor to the adoption of that approach in other two-tier areas? If

[Mr. Christopher Fraser]

not, will the Minister explain why that approach is deemed appropriate for Norfolk in isolation?

Given that the potential reorganisation is imposed rather than requested, will funding be made available to support reorganisation costs? How important are community identity and public opinion when compared with affordability and value for money? Is the review constrained by the Norfolk boundary determined by the boundary committee? Is the Minister willing to meet representatives from the authorities in Norfolk that are working up models in order to discuss their proposals?

From discussions with local residents, there appears to be little appetite for wholesale reorganisation and the implicit costs. However, we have been told by the boundary committee that public opinion is but one consideration and in no way an overriding one. Can the Minister confirm to what extent public opinion will be allowed to influence the decision on the local government review in Norfolk? I look forward to a written response to all those questions if the Minister cannot answer them in full today.

11.57 am

Paul Holmes (Chesterfield) (LD): All hon. Members who have spoken so far are from Norfolk and obviously have much more detailed knowledge of local circumstances than me or the speakers who are likely to follow. I congratulate the hon. Member for Mid-Norfolk (Mr. Simpson) on securing the debate and on an excellent, detailed exposition of the facts. The one point that was slightly non-factual but on which I agreed with him wholeheartedly came when he referred to the Alice in Wonderland style of the process—sentence is passed first and the evidence is looked for afterwards. That analogy certainly appeals to me. I made that comparison quite recently in the House when debating the rather strange, Alice in Wonderland way in which this place often works.

The hon. Gentleman referred to the boundary committee logo, which is the statement "Democracy matters", and asked, quite appositely, how that could be when in a review such as this, the views of local people and the various local councils involved were ridden over roughshod or ignored completely. He described the process as a dog's breakfast, talking about the cost when it is supposed to save money, about the problems of judicial reviews across the country in similar circumstances, about the confusion that arises and about the timelines and time scales that simply are not being met.

The right hon. Member for Norwich, South (Mr. Clarke) made a legitimate point from a different perspective; it is possible to see a logical case for cities being unitary authorities. In my county of Derbyshire, some years ago, when a Government of a different complexion tried to impose unitary authorities, the compromise arrived at was that Derby City would become a unitary and the rest of the county would continue with the two-tier county and district or borough structure.

My hon. Friend the Member for North Norfolk (Norman Lamb) made many valid points. As he said, if we were starting with a clean sheet—starting afresh—we might well be able to see the logic of a unitary system. Other hon. Members made that point, too. However, we are not starting with a clean sheet; we are not starting afresh. The current situation has developed over a long time and is not the clear-cut situation that we would have if we were drawing up plans for something from the beginning.

My hon. Friend asked where the evidence was for going through the process and for the conclusion that we are told we will reach even before the process has begun, which is a unitary system. He made a number of telling points when he spoke with the boundary committee, asking what the evidence was for the process, what the benefits for co-ordination would be and where value for money would be gained. The boundary committee said, "Well, actually evidence isn't conclusive on that at all." In that case, why are we going down that expensive, time-consuming, frustrating road in the first place, especially when, as several hon. Members have pointed out, we are facing a considerable squeeze on Government finance that will get much worse in the next three years under the common spending round that has just been announced?

The Government asked for proposals to be submitted before the terms of reference were even laid out. All the authorities involved were supposed to propose their ideas for a costly upheaval and reorganisation without knowing on what grounds they would be judged. We have come across that all too often in various government reorganisation schemes. The point was made several times that the time scale had been rushed.

My hon. Friend made another telling point. He had found out by means of a freedom of information request that two of the authorities involved had already spent more than £500,000 on initial preparations alone. If we add in the cost of all the other authorities' initial preparations and of the whole process, if we continue down that road, a very considerable amount of money will have been wasted on a bureaucratic process that is supposed to benefit the council tax payers of Norfolk.

I was particularly impressed by the suggestion of a Norfolk convention, to which I shall return, but all options should be considered. How can a genuine consultation be held if some options, such as the status quo, are ruled out from the start? My hon. Friend spoke of the democratic outrage at how we have gone about the matter.

Mr. Charles Clarke: Before he finishes, can the hon. Gentleman clarify the Liberal Democrats' national policy on unitary local government, particularly in cities but also more generally?

Paul Holmes: I shall certainly do so. It is on the very next page of my notes. From my point of view, both personally and as a spokesman for my party, what should we do? As has been said, we should not start from here. The Redcliffe-Maud report of 1966 to 1969 recommended a completely single-tier unitary system. That was rejected, and the Local Government Act 1972 dumped the issue. There was a major upheaval of local government in 1972; a dozen county councils disappeared and lots of changes were made. It was one of the greatest upheavals of local government in our country's history, but it dumped the proposals of the Redcliffe-Maud report. Had the bullet been bitten back then, when a major national review was occurring, we would not be in this position today.

In the 1980s and 1990s, the situation continued. We had a total of 35 years of tinkering, change and messing at the edges from different Governments of all complexions who never tackled the system fundamentally. During those years, I have seen the matter from all angles and from the grass roots. I spent four years as a parish councillor and 12 years as a borough councillor, and I worked for a county council as a teacher for 22 years. I have seen the workings of local government from every possible angle other than city government. I remember well the pressure from the Conservative Government in the 1990s to impose unitary authorities. It caused huge dissension in Derbyshire, just like the dissension we are seeing throughout the country and in Norfolk today. The outcome was a unitary city, with the rest of the county continuing under a two-tier system.

I favour unitary authorities for the logical principle involved, but the issue is how to get there and whether it can be done satisfactorily in the situation we are in. I certainly favour smaller unitary authorities. When the Derbyshire argument was going on many years ago, I argued not for a county-wide unitary authority but for smaller ones in such areas as north-east Derbyshire. We are often told by academics and Government thinkers that that is not efficient. It is very democratic, and it can also be very efficient. I have visited small towns in the USA and all the Scandinavian countries where it works. In Norway, a town with as few as 20,000 inhabitants runs everything—police, health, fire brigade and education—not just the standard local authority services run by a district council in this country. It can be done on a smaller scale, and democracy may well be worth an extra premium if it comes with local accountability.

If a Government of any party believe that unitaries are the way forward, they should say so in their general election manifesto and go on to introduce legislation to that effect. Redcliffe-Maud provided such an opportunity 40 years ago, but no Government has done so since then. The 2005 Labour manifesto did not mention restructuring as such and did not mention the imposition of unitary authorities in any way. It said:

> "We will ensure that councils are organised in the most effective way to lead and support local partnerships and deliver high-quality services".

It referred to

> "streamlining administrative structures while promoting decision making at the level that will make a difference."

It was totally open-ended and non-committal about what that process would involve. That cannot be seen as a democratic mandate to impose unitaries in various hand-picked areas of the country.

If a Government believe that local communities should decide, they should have a proper process to allow that. That is certainly not what is happening with the process that is under way in various counties, which involves preconceived Government preferences and rules out some options, such as the status quo. It asks for proposals without stating the terms of reference and conditions by which they will be judged. It gives the power to unelected, unaccountable boundary committees. That is not the way to do it. The communities affected should decide what system of local government they want.

The proposed Norfolk convention is an echo of what happened in Scotland, where the Scottish convention led to devolution and the Scottish Parliament. It has involved all parties and extensive consultation in the community, and it took some time to achieve an answer that had widespread support across Scotland—from the Scottish people; we shall leave aside England. The proposal for a similar convention in Norfolk is excellent and should be employed throughout the country wherever such measures are proposed. Preconceived ideas should not be imposed from the top, there should not be a closed list to pick from and, above all, the local community should be involved in maximum consultation, rather than the sham that is taking place at the moment.

12.7 pm

Alistair Burt (North-East Bedfordshire) (Con): It is a pleasure to be here under your chairmanship, Mr. Chope. If I did not know the Minister better, I would be inclined to say that he should simply stand up and give in. If this were a decently refereed boxing match, it would have been stopped long ago on points. The tidal wave of good sense that has come his way in expressions of huge concern about the proposals that we are debating would convince any neutral observer that something has gone badly wrong with the process of government for us to be here discussing them in this way. I should be grateful for a few minutes to illustrate some of my concerns.

I congratulate my hon. Friend the Member for Mid-Norfolk (Mr. Simpson) on his opening speech, which touched on many of the points that have been amplified during this debate. I thought that he spoke with suppressed outrage on behalf of his constituents and, I suspect, the vast majority of the people of Norfolk. He spoke of his constituents' views, expressed both to him and through the ballot box, and of the quality of performance of local authorities, which may be swept away in a reorganisation. He spoke of the bullying—let us be plain about the word—of the boundary committee in how it started and has gone about its work. He spoke about the concerns that this might be a done deal, raised the issue of whether the people would be consulted and mentioned the boundary committee's motto, "Democracy matters". Well, we shall see.

The right hon. Member for Norwich, South (Mr. Clarke) spoke of his belief in the importance of the unitaries in Norfolk. He is entitled to do so—anyone is entitled to put their view in this debate—but neither he nor the council that he is promoting are entitled to be the tail wagging the dog. There is neither the numerical majority to do that, nor, as my hon. Friend the Member for North-West Norfolk (Mr. Bellingham) made clear, the moral authority, given the quality of the councils being wagged by the unfortunate tail of Norwich city. The right hon. Gentleman is entitled to express his views, but it should be borne in mind that the tail should not wag the dog.

My hon. Friend the Member for South-West Norfolk (Mr. Fraser) made a key point about the democratic base and the case that had recently been put to the electorate, and he ended with a series of questions to the Minister that I shall reiterate.

The hon. Member for Chesterfield (Paul Holmes)—he is an outsider in this debate, as I am—admirably summed up our concerns. He made a key point about Labour's manifesto, saying that it gives the Government a completely open-ended chance to reorganise local government, with no parameters. It effectively gives them the opportunity

[Alistair Burt]

to do what they want, no matter what the opinion of the majority might be in any particular place—an utterly wretched situation.

My hon. Friend the Member for South Norfolk (Mr. Bacon) raised many questions about the way in which the process had been put together. His contribution was not only illuminating but entertaining. I agree with him on the process and about the timetable problems that have already arisen. The reorganisation has not run according to the timetable. Indeed, it is already well off it. The trouble is that it will result in a rushed process that could be dangerous to the processes of democracy.

My hon. Friend was joined in that concern by Sir Michael Lyons in his consideration of the future of local government. In page 11 of his executive summary about local reorganisation, he said:

"The vast experience of reorganisation in this country provides a warning about the risks of poorly developed or executed change, and shows that it is by no means a panacea. I therefore put a much stronger emphasis on the responsibility of authorities to develop effective and flexible coalitions, which transcend boundaries and seek joint solutions to problems where those offer potential advantages."

Most on this side of the Chamber would say that that opportunity ought to remain in the minds of the Minister and of the boundary committee; it is a much better way forward than what seems to have been proposed. My hon. Friend stopped short of declaring the whole thing a shambles, but what is in process might yet turn out to be one.

The hon. Member for North Norfolk (Norman Lamb) asked whether there was any evidence about costs. He spoke of asking the boundary committee, with regard to its evidence-based process, what evidence it had for going forward. He got the honest answer, "Well, it's a bit mixed." He could have gone to others. He could have asked the previous Minister for Local Government, now Minister for the Environment, for his views. I did so when the Public Bill Committee was debating the Local Government and Public Involvement in Health Act 2007. We spoke about the costs of the process of reorganisation, and I asked whether we should be wary, on the basis of our collective experience, of those who wave cost savings at their electors as the potential good news behind restructuring. The Minister answered:

"The answer to that is yes."—[*Official Report, Local Government and Public Involvement in Health Bill Committee,* 1 February 2007; c. 89.]

If even the Minister cannot see that as a key point to be taken forward, none of us should be under any illusion about the matter. If a reorganisation or restructuring is not being pursued for financial reasons or efficiency, what is it about?

I have two concerns about this reorganisation. The key one is democratic accountability. It is clear that the council submitted its proposal under the formula and the timetable, but that it failed utterly on every ground to convince the Government of its case for it being a unitary authority. The Government's invitation to councils to take part in the process, published in October 2006, gave a clear indicative timetable. It said that by July 2007 a final announcement—no ifs, no buts—would be made of those areas that would be restructuring into unitary authorities. Well, it was not final. Out of the shambles of the application came the invitation to the boundary committee to proceed.

I task the Minister with this question. If all the other councils in Norfolk say that they do not want a change, and if they say that they want to remain with the status quo because it delivers effective and efficient local government in Norfolk, is he seriously prepared to allow the case being made by only one authority to override the views of those who are democratically elected in other parts of the county? I should be grateful if the Minister were to answer that.

My second concern is the invitation to the boundary committee. Most of us are quite surprised, given the width of its remit, that it has taken the job on. On what basis or criteria did the Government decide to invite the boundary committee to do the job? There is no doubt that they have the power, but I have heard no explanation of why, in some cases, it was decided to call a halt to the process and why, in others, it was decided to involve the boundary committee. It seems difficult to avoid a sense of arbitrariness.

I conclude by raising publicly the questions that I asked the Minister in a letter dated 14 November. They adequately sum up the concerns that have been expressed today. My first question was about the remit given to the boundary committee in relation to Norfolk, and whether the Minister would publish it. It is extraordinary that the committee is beginning work with no one else knowing what it has been tasked with. I do not see the point of that.

The second question was what time frame had been set for the review to be conducted, where it was set out and when it would be made public. The third point was that the timetable set out in the original invitation to councils in England had proved valueless for a number of proposed reorganisations. I asked what guarantee the people of Norfolk would have that the current timetable of the boundary committee, should we ever know it, would be adhered to.

The fourth question was about the powers that the boundary committee has to compel local authorities to submit information to it while it is conducting its review. We heard of the sense of menace with which the boundary committee is asking for information. That is a reflection of what has happened to local government. Many Members are concerned about that, and if the Minister can do anything about it in the years to come, it would be appreciated.

There is a sense that local authorities now look upwards to those from the Government and partnership agencies that are running them—and that they are afraid of not doing what they are asked to do—rather than looking outwards to those who elected them. That fundamental change in local government has been emphasised over the past 10 years, and it desperately needs to be cracked into.

My fifth question was whether any options for the structure of local government in Norfolk had been ruled out. We hear about the status quo not being a viable option. Who said so? Where does it say that it cannot be allowed? I have not seen it said in any Government document that two-tier local government is no longer acceptable in Britain. Of course it is. Why is it being ruled out in this case? Who said so? And who

told him to say so? Is it possible for the local authorities to argue that the retention of the status quo is the best solution to the structural review?

My sixth question was about who is to pay the costs of the work of the local authorities engaged in the review at the request of the boundary committee and the Government. It is not that the majority of councils in Norfolk accepted the invitation and that the financial costs should therefore be on their own heads. They have been sucked into it, through matters completely outside their choosing.

My seventh question was about what intention there is to consult the public by way of a referendum to seek their views on the existing structure of local government and any proposed changes. The eighth was about whether the change would be implemented without the public being consulted by way of a referendum?

Those questions sum up our concerns. The Minister has a clear sense of them. Having been to a meeting in Dereham last week with a number of councillors from all the Norfolk authorities, I can say that their concerns have been more than properly expressed this morning. The real concern is that people have not asked for the change, they were not consulted about it, and they are unaware of any benefits. They do not know what they are being asked for or why. They do not know why the man who is asking them has the powers to do so, because nothing has been published. If the Minister can help us this morning, we would be much obliged.

12.19 pm

The Minister for Local Government (John Healey): I congratulate the hon. Member for Mid-Norfolk (Mr. Simpson) on securing the debate. It is clearly a matter of great concern and interest to him and his colleagues. I thank him also for his kind words in welcoming me to the debate. I take my duties in the House seriously, although the 300 people that I left at the Queen Elizabeth II conference centre may take a slightly different view.

I recognise the hon. Gentleman's concerns and have discussed many of them with Members representing constituencies in the east of England and with local authority leaders—district and county. The timing of the debate is important because I am working on the terms of reference and the guidance that will be given to the boundary committee to take the next stage of the process further. That is not yet done, so the terms of reference are not sealed. I want to make it very clear, therefore, that the outcome of that process is not a done deal. Nothing is prejudged. I welcome what he expressed as his desire for an honest debate with all options under consideration. I understand and accept that he is in favour of the status quo, but I take those comments to indicate that he is not necessarily against serious consideration of change from the two-tier system.

My right hon. Friend the Member for Norwich, South (Mr. Clarke) is, and has been for some time, a strong advocate of a unitary authority, as he has shown in this debate. I am pleased that he has welcomed our proposed steps. He is right: opinions are mixed. Opinions within councils and local authorities are mixed, as are those among the public. My hon. Friend the Member for Ipswich (Chris Mole) reminded me that during the election in May in one of his constituency wards, an anti-unitary candidate polled just 80 votes.

The hon. Member for North-West Norfolk (Mr. Bellingham) said that the Government's interest in unitaries is politically driven. Over the past year, we have not looked at any proposals for unitary status and reform and reorganisation unless they were developed and submitted from the areas affected. We received 26 proposals under that process from all political parties. Those were led rightly by politicians in local authorities, but were not party-politically driven.

Norman Lamb: Will the Minister give way?

John Healey: I shall give way once, but if hon. Members will forgive me, I want to deal with the many points that have been made in the small amount of time that has been left to me.

Norman Lamb: Is the Minister concerned that local authorities in Norfolk are expected to come up with their own vision of a unitary Norfolk before the terms of reference have been set? Is that not nonsense?

John Healey: I knew that I should not have given way. If the hon. Gentleman will give me the time, I shall deal precisely with that point. Other hon. Members have made it, including the hon. Member for Mid-Norfolk.

The hon. Member for South Norfolk (Mr. Bacon) brings his considerable experience from the Public Accounts Committee to the wider perspective on this debate, and we have debated before many of the issues that he raised. The steps taken over the past 12 months have met precisely the lessons that he draws from his PAC experience. We have studied proposals, some of which were based on benefits. The risks have been considered and there has been, and in some cases continues to be, a very close examination of the costs and financial viability—given my background, I ensured that that happened. The timetable for views and comments is far from being rapid and compressed. In fact, I am being urged by many to ensure that it does not take too much longer. I realise that delaying this process will not make many of these difficult decisions any easier, but I want to ensure that I take into account fully all the information and representations that we have received when coming to final decisions, just as I propose to do with the terms of reference and guidance for the boundary committee.

The hon. Member for South-West Norfolk (Mr. Fraser) set out three tests: efficiency, better services and decision making closer to the people. That is quite right. Each unitary proposal that we are proceeding with has met those tests, which will continue to be applied to any proposals that might emerge from the process led by the boundary committee. Either I shall cover the questions posed by the hon. Gentleman and the hon. Member for North-East Bedfordshire (Alistair Burt), or they will be contained in the terms of reference. I have met leaders of local authorities that might be affected and am ready to do so again at appropriate stages of the process.

On the general question of unitary authorities, I would like hon. Members to think back to the relevant White Paper and the invitation to submit proposals. Those were in response to evidence and arguments put to us at the time that, in some two-tier areas, existing arrangements simply did not deliver the governance that we require from our local communities and authorities in this modern day. There can be a duplication of services, confusion and inefficiency between the two tiers—the points outlined by the hon. Member for

North Norfolk (Norman Lamb). We were also told that for some areas a move towards a unitary authority could improve accountability, create stronger leadership, and improve efficiency and services to local people. Those have been the objectives throughout the process and the criteria against which we have judged any proposals. That is very far from change for change's sake.

On Norwich in particular, far from failing on every count, as the hon. Member for North-East Bedfordshire suggested, the Secretary of State judged—I confirm this—that there was a reasonable likelihood of the unitary proposal from Norwich meeting three of the five criteria: strong, effective and accountable strategic leadership; neighbourhood flexibility and empowerment; and support from a broad cross-section of partners and stakeholders. The problems were with value for money and affordability. By looking at the boundaries, we can take a closer look at whether there is a viable unitary option based on Norwich but, perhaps, encompassing a wider city boundary. From meetings that I have had recently, I am quite clear about the interests that will be in the terms of reference and guidance, and I shall reflect on points put to me in this debate and meetings before issuing those terms of reference, which I aim to do in January, so that the boundary committee can formally begin its work on the review.

The boundary committee has begun a preliminary process of contacting local interested parties and authorities to explain the process of the review and to instigate informal discussions to get background and ideas for the future. I deplore the accusations that the boundary committee has acted with menace, harassment or bullying. The plain fact is that if local authorities do not participate, they cannot play a part in and influence the debate.

The boundary committee does not have powers to compel local authorities to submit information. It is a matter for local authorities to decide how to respond. The terms of reference and guidance will set out the boundary committee's remit, which will be made available in the House Library. I will also make them public and send copies to all hon. Members who have participated in this debate and who are affected by the constituencies covered. The time frame will be set out in the terms of reference as well. To be clear, the Local Government and Public Involvement in Health Act 2007 does not require us to conduct referendums, but the process will last a number of months, and there will be plenty of opportunity for local authorities and the public to make their views known throughout.

I shall address a point about which the hon. Member for Mid-Norfolk was particularly concerned. When asked for advice, under the terms of the 2007 Act the boundary committee can recommend that the Secretary of State implements the proposal without modification or that she does not implement it—in other words, that the status quo should remain—or it may make an alternative proposal. If it does the latter, it must undertake clear consultation.

In summary, there is no predetermined number of local authorities at the end of the process, which will be open and widely consultative. The way that it will be conducted is set out in statute and there will be plenty of opportunities for hon. Members to play a full and influential part in the House and in their constituencies.

Economic Development (Falkirk)

12.30 pm

Mr. Eric Joyce (Falkirk) (Lab): I want to talk about the economy of Falkirk, because that is my constituency. However, to some degree, it is a false construct, because economies in our constituencies—local, regional, national and global economies—are increasingly interdependent. I shall make two points and ask two questions. I shall ask my hon. Friend the Minister of State, Scotland Office about the enterprise strategy, because it seems to be one of the Government's most important tasks. The Government are consulting on the strategy, and that will result in a White Paper early next year. I shall also raise the issue of the reorganisation of an agency in Scotland. It is primarily a devolved issue, but it still has important implications for many businesses and industries throughout my constituency. Some organisations that I shall mention operate within my constituency, but they may be based in colleagues' constituencies. If I refer to such an organisation, I shall explain that it is in a colleague's constituency, but that it employs my constituents.

I shall start by putting the issue into a localised context for my hon. Friend the Minister. I am absolutely confident that he will want to hear a good deal about Falkirk, so I shall give him some of that action. Employment in Falkirk is at 78 per cent., against the Scottish average of 76 per cent. Historically, Falkirk was an iron town: it supplied the shipbuilding and related industries on the Clyde and in my hon. Friend's constituency. Until the late 1970s, the general assumption locally was that people would continue to be employed in the iron and related industries, and in the tertiary manufacturing industries that went with them. The typical pattern was for a man to start work at a bus factory—Alexander Dennis, for example, which still exists—and work there for his entire life. Frequently, that was the sole family income, and it was the model of employment for a good chunk of my constituency. Ironically, unemployment was higher and employment was lower than today, so when people look back to the golden age of Falkirk's iron and related manufacturing industries, which were far greater then, they look back to a period of higher unemployment and lower mean family incomes. Generally, people were less well off.

Today, my constituency's economy is much more service-based, and based on the fact that it is a 25-minute train ride from Falkirk to Edinburgh or Glasgow. I call the whole area, "Glasburgh", because it is increasingly becoming one large economic entity of its own, rather like a large metropolitan area in England. Glasgow and Edinburgh are growing economies, and my constituency benefits hugely from that. Many commuters travel to service industry jobs in banks in Edinburgh and—to some degree—in public bodies in Glasgow. Many private sector organisations are based in Glasgow, too, but there is a general pattern whereby more people tend to travel to Edinburgh to work in the private sector.

The claimant count in Falkirk has decreased by 2.2 percentage points in the past half-dozen years. Falkirk is more reliant for employment on large enterprises than others, and many of my constituents are employed in the chemical industries. There is a refinery at Grangemouth in the constituency of my hon. Friend the Member for Linlithgow and East Falkirk (Michael

Connarty), and he does a great deal of work with the companies in those industries. In particular, there is a very large company called INEOS, and it is expanding. It has a very successful business story, and the company employs many of my constituents. Unlike Members, they do not often care about travelling across boundaries to do their jobs, so they travel two or three miles out of my constituency and work in the chemical industry.

It is artificial to remove the chemical industry and related industries—the refinery—from the economic footprint of my constituency, or indeed of central Scotland, because if we consider the patterns of employment and the way in which the economy operates, those industries make all the difference to the local economy. If we discount the refinery and the effect of the chemical industries on the Falkirk economy, none the less, there is a varied pattern: a range of industries and companies, large and small, and their future will increasingly shape Falkirk's future.

Falkirk has a programme called, "My Future's in Falkirk", which is a 10-year economic development initiative to transform the area into a diverse and modern economy, and also make it a nice place to stay. Last week, Falkirk acquired a lottery fund living landmarks grant of £25 million, the biggest ever awarded, which will go towards building two, big, nodding kelpies. A kelpie is a big horse, in case there is any doubt. It will be a fabulous landmark, sitting alongside the Falkirk wheel, which was built with funding of £80 million, much of which came from the lottery and from Europe. The wheel is one of Scotland's foremost tourist landmarks. It does some good for the local economy, but these things take time, and the strategy of all local agencies, including the local authority, Falkirk council, Scottish Enterprise and private sector agencies that help develop the economy, will ultimately—one hopes—generate about 3,000 to 4,000 jobs. It had not gone to quite that extent until now.

The "My Future's in Falkirk" initiative has generated a commitment, on paper at least, of £750 million of private-sector investment in the area. That is significantly ahead of its original target, which was to generate £200 million by the end of 2012. By then, 4,250 new jobs are expected. That is quite a specific projection, and I never know how those projections are made, but the significant expectation is that the initiative will generate a large number of jobs, and an additional £50 million a year is expected to be generated for the local economy.

I shall mention a couple of points about my constituency's profile. The economy is significantly affected by Grangemouth's refinery and chemical industry, but it is proving successful at diversification. It has its first strategic community plan, and it has notched up successes of late, with many more in sight—they are at the planning stage. The general idea is to make it clear far and wide that Falkirk is an excellent place to live, and that it has a growing economy. A masterplan has been unveiled for a 60-acre eco-friendly village. Planning is a devolved issue, and I shall not wax rhapsodic about it, but we must recognise that if one has a service economy, and many commuters hoping to travel to Edinburgh and Glasgow, where land values are high and prices are expensive, we must build houses where we can so that people can live in such locations and travel to work. We must strike a balance of course, because we want to encourage industries locally and people not just to live but to work locally.

However, we must recognise the nature of the Scottish economy and its overwhelmingly dominant area, which is the central belt between Edinburgh and Glasgow and either side of it. Therefore, the development of decent homes is very important. It is a devolved issue, but I always reflect on the importance not just of local employment but of commuters and travelling.

However, throughout the area, Falkirk has more people employed in manufacturing than Scotland as a whole. Perhaps I could say a word or two about Alexander's, which is unarguably one of the most important companies in the area. It is a manufacturing company that exports much of its product and employs about 900 people. About three years ago, it virtually went into receivership. All those jobs were saved by a new management team, some of whom had previously worked in the company, in conjunction with what was then a Labour Scottish Executive. They turned what could have been a disaster into an enormous success, and Alexander's continues to employ people right across the skills spectrum. Of course there are some jobs that are towards the lower end of the spectrum, but many of them are highly skilled, which is reflected by the trade unions that represent the workers there. The future for Alexander's is generally very bright indeed.

Borg Grech Photography, which is also based in Falkirk, is a small photographic company that has developed wireless technology to allow a camera and computer to talk to each other. The technology has proved valuable to visitors to the Falkirk wheel, and the company is currently building on its success to reach out across Scotland.

Another important economic issue in my area is the redevelopment of what was formerly the Alcan site. It was a large, world-sized aluminium company site and at one stage many thousands of people were employed there. The site is no longer in operation and it is being redeveloped by the local authority, Scottish Enterprise and other agencies as part of "My Future's in Falkirk". Companies are being encouraged to come in and invest. It is a legendary site because many retired people in my constituency worked there. There are large numbers of former artisans who worked in iron foundries and at Alcan, which was a related industry. They tend to be in their 70s and 80s now, but they talk a great deal about the site, so what happens there is important. I hope that there will be increasing economic activity there, albeit of a different kind.

The Helix development, of which my hon. Friend the Minister will be aware, is at the centre of local discussion, and the £25 million grant is crucial to it. The general principle is that by making the area attractive, we will flag up how Falkirk and the surrounding area is a good place for businesses to be based. That, in large part, will help us to move towards the target of £750 million, although I am always cautious when I refer to such figures as I like to see the colour of the money and know who the companies are and what they are going to do, rather than just see a projection. Although I absolutely welcome the principle of a potential £750 million investment, I am keen to know the detail. I appreciate that it will take time to unfold, but I shall keep my finger on the button.

Another company that I wish to mention is Malcolm Allan, a butcher's. I went to visit it expecting something quite different from what I saw. The butchery trade has

[Mr. Eric Joyce]

changed enormously in the past few years and, rather than being a few butcher's shops, the company now supplies products to every town in Scotland—right across the board, even wee villages have a product from Malcolm Allan. It supplies high-quality, top end of the range pies, meat products and so forth and employs about 100 people. Such companies make all the difference to our local economy.

Lomond Plant is another great company. It has been started up by an entrepreneurial family and is doing incredibly well. The only constraint on its growth is the land around it; in one case, an owner is not keen to sell. That is a pity, as it could grow enormously. It employs several hundred people and hires out plant. People tend to work not on the site but with the plant all over Scotland. It is a great success story, constrained only by the unavailability of land in the area.

There is a Falkirk business panel, made up of local businesses, the local authority and Scottish Enterprise, which was recently joined by a group of entrepreneurs from the United States. I know from speaking to them that they were enormously impressed by the energy, drive and imagination of the business panel, which is making a great difference to our area. Environmentally, it is important to flag up the fact that 88 businesses in the Falkirk area are registered with the Scottish Environment Protection Agency for waste disposal and so forth, and more than 3,000 are registered with Falkirk council.

Having given details on some of the companies in the area, I wish to make the point that local businesses, like those across the United Kingdom, ultimately tie into a much larger economy. Their success and failure will depend on not just their ability to recruit and train locally but much larger factors—the cost of money, the fiscal regime, globalisation across the board and competition from the enormous investments that India and China are making in training, science and technology and the threat or potential benefit of that to our economy.

It is essential that my constituents and businesses in my constituency get a chance to feed into the Government's enterprise strategy. My understanding is that, due to the nature of the Administration in Scotland and devolution, there is a little confusion about what the whole thing means. The temptation for people in Scotland is to think that enterprise is a devolved issue and that anything to do with enterprise strategy is therefore devolved. In this case, many of the issues involved are manifestly reserved, and it is important for the consultation that will lead to the White Paper to be extended to my constituency and right across Scotland. Will the Minister assure me that he will examine the possibility of that happening?

Scottish Enterprise is a devolved body, and I do not intend to comment on its operation, but it acts extremely well in conjunction with many employers in my area, my local authority and other agencies. One can discuss until the cows come home how those organisations are best structured—I do not really have an ultimate view on that—but I understand that they may be restructured, in effect passing certain powers up to the Scottish Executive and certain other powers down to local authorities. In the case of a large local authority such as Glasgow or Edinburgh, I can see how that might make sense, as there are economies of scale and expertise to be made at local authority level. I am lucky enough to have excellent officers and good councillors in my local authority, but there is a danger—I shall put it no stronger—that if certain powers currently held by Scottish Enterprise are devolved to local authority level, local economic decisions may be over-politicised. They really ought to be made for economic reasons, not short-term political reasons.

Within the constraints of devolution, reserved powers and so on, will the Minister say whether he has a view on the reorganisation of Scottish Enterprise and whether he is watching its progress? I am especially impressed by the acting chief executive, Stuart Ogg, and his colleagues in my area, and I know that my colleagues who share the Forth Valley Enterprise area feel the same way. I would be concerned with developments if it looked as though we might overly politicise some local economic decisions that would be best kept at a business and economic level.

12.48 pm

The Minister of State, Scotland Office (David Cairns): It is a pleasure to serve under your chairmanship this afternoon, Mr. Chope. I am sure that you have an extensive knowledge of the economic situation in Falkirk, and that it has been added to by the contribution of my hon. Friend the Member for Falkirk (Mr. Joyce). It is of course an entirely legitimate and expected role of Members of Parliament to act as advocates and ambassadors for their constituencies in Westminster and Whitehall, but there are few more active advocates for their constituencies than my hon. Friend. He never misses an opportunity to promote his constituency as a good place to live, work and do business. It is to his credit that this is the second debate that he has managed to secure in a few months on economic development in the town of Falkirk and the wider region of central Scotland, and that he has been tireless in advocating the needs of his constituency in that regard.

My hon. Friend asked specifically about how the UK Government's enterprise strategy will be taken forward in Scotland, about the effect of the changes that the Scottish Executive might make to the enterprise network, and about how those factors interact. He was right to say that it is impossible, in the 21st century, to isolate a nation, let alone a region or town, in terms of economic strategy. These matters are interconnected and that is evidenced by the fact that there are Government Departments in both Westminster and Edinburgh with the word "enterprise" in their titles.

It is not possible to say that enterprise is either reserved or devolved; it is closely interdependent with other factors. Decisions that we take here, as a Government, on the macro-economic framework and the taxation regime, and in relation to European regulations and the wider fiscal framework within which business operates, must have an impact on local economic development in Scotland. It is false and simplistic to say that matters relating to enterprise and economic development in Scotland are devolved. That is not the case and my hon. Friend is right to highlight those factors today. I shall address the two issues that he discussed in a moment.

My hon. Friend was right to locate his comments about how the economy in Falkirk is doing within the wider picture of how the Scottish economy is doing.

Recent Scottish gross domestic product figures confirm that the Scottish economy continues to grow at above-trend rates. Since the beginning of 1999, there have been 20 quarters of greater-than-trend growth, which shows that Scotland, like the UK as a whole, is performing consistently well. In contrast, over the same period, progress in some of the major eurozone countries has been constrained by sluggish growth and high unemployment, the American economy has experienced well-documented difficulties and many economies in south-east Asia have been in crisis. So, at a time of international economic uncertainty and rapidly fluctuating commodity prices, Scotland continues to perform well, and more and more people are finding work in a growing economy. This year, there have been record levels of engagement with the labour market and historically low unemployment. Moreover, there have been record highs in the number of people available to take up employment.

Those things have not happened by accident. The Government have pursued policies that combine active labour market stimulation with flexible labour market policies, which allow employers to create jobs and people to take those jobs, and which make that choice pay by ensuring that people are better off in work than they would be on benefits. Programmes such as the new deal have helped to provide more than 280,000 additional jobs in Scotland compared with 1997. The new jobs being created in Scotland since 1997 are overwhelmingly in the private sector. We do not apologise for creating more nurses, doctors, police and community support officers, but it is a myth about the Scottish economy that the growth and employment is located entirely in the public sector. That is not the case. As my hon. Friend discussed, the companies that are expanding and doing well in his constituency are typical of private sector companies throughout Scotland that have been expanding and taking on more workers. As he pointed out in his opening remarks, the Scottish employment rate is 76.5 per cent.—that is higher than the UK equivalent and has been for the past three years. The proportion of those who are economically active, meanwhile, outperforms the UK figure, and the Scottish unemployment figure is lower.

Those figures would have been inconceivable 10 or 15 years ago, when my hon. Friend and I were growing up in politics and became used to Scotland lagging behind the UK even in a time of high unemployment. Constituencies such as Falkirk and Inverclyde used to be at the back of a long tail of constituencies with dreadful unemployment figures. Unemployment now stands at 5.4 per cent., whereas the figure across the EU is 7.1 per cent. Behind those figures are people and families who can now aspire to better things for their children, enjoy more holidays and look forward to Christmas in a way that simply would not be possible were we still in the high-unemployment economy that existed when unemployment was regarded as a price worth paying.

My hon. Friend mentioned many companies in his constituency and the people who are creating jobs and driving economic growth. He mentioned in particular Malcolm Allan the butchers, which is a great example of a small, local company with an entrepreneurial spirit seeing an opening in the market and moving it forward. I would like to share with him an example from my constituency that highlights what is going on in Scotland beyond Falkirk. Port Glasgow, in my constituency, has a huge new Tesco store, which is very welcome and has created many new jobs but has put pressure on the traditional town centre. What is going to happen to the traditional small shops and businesses that employ small numbers of people and have been the backbone of the local economy for many years? My hon. Friend talked about the local butcher in his constituency making a difference; our active Port Glasgow town centre traders association is headed by the local butcher, Drew Mackenzie, who is an excellent businessman and has real entrepreneurial spirit and a passion for Port Glasgow. He is helping to drive forward an agenda that will see the town centre flourish alongside Tesco; it does not have to wither and die.

Mr. Joyce: The Minister and I clearly have something in common—entrepreneurial and excellent local butchers—and it is good to hear about Drew and Malcolm. I also have a company called Composite Energy, which is looking to extract methane from under the ground. It tells me that there was considerable risk in setting up the venture, which involved people reducing their incomes and making substantial investments, and that it will not pay off for some time. Does the Minister agree that the way in which we tax such businesses is absolutely fundamental to whether they can make a fist of things in the early years?

David Cairns: I agree entirely. We must have taxation and broader fiscal strategies that encourage entrepreneurialism and encourage people to create jobs. Those jobs might not be created in the same volume as those created by massive employers in our constituencies in years gone by, but we are tired of putting all our eggs in too few baskets. We need a diversified employment base in those areas, and given a choice between having one factory employing 1,000 people and 10 factories employing 100, I know which I would choose. We have to ensure that we encourage those small businesses.

In the few minutes remaining, I shall address the two specific points that my hon. Friend raised. He rightly said that the Government are engaged in consultation with business in preparation for a new enterprise strategy paper next year and that much consultation has been taking place throughout the UK. He is also right to call on the Government to ensure that Scottish businesses are consulted, especially in areas that are not devolved, because we cannot simply isolate the conditions for the economic growth of small and medium-sized businesses and say that that area is devolved; it is not. I assure him that the Government will work closely with businesses in Scotland to make sure that they have an input into our enterprise strategy for the years ahead. As the UK develops its policy, it is vital that the voices of Scottish businesses are heard on many of the broader issues of taxation and European regulation that have been mentioned, and on the question of how we rise to the challenges of globalisation.

My hon. Friend mentioned the reform of the enterprise network. I shall not stray too far on to that because it is devolved, but we are all watching it with interest. We know that it is important to get this right. It is important to have a higher-level strategic view across regions—those of us who have been local councillors know about the demands on local council finances—so that we do not lose vital economic stimulation.

[David Cairns]

I congratulate my hon. Friend on bringing these issues to the House's attention. He is an excellent advocate for his constituency and as long as he is a voice representing Falkirk in the House, the needs of business, enterprise and employers in that area will never be short of a close and articulate friend.

Digital Broadcasting (Forest of Dean)

1 pm

Mr. Mark Harper (Forest of Dean) (Con): It is a great pleasure to serve under your chairmanship once again, Mr. Chope. Just to be clear about the scope of this debate, it is primarily focused on digital radio broadcasting services, although I shall touch at the end on digital television and ask the Minister one or two questions about it.

On 19 July, Ofcom announced a licence to provide a multiplex digital local radio broadcasting service in Gloucestershire. Having studied the advertisement and discussed it with colleagues who are more technically knowledgeable than me about such matters, I had several concerns about how well the digital multiplex would serve my constituents.

I wrote to Ofcom's chief executive on 13 September to express my concerns about the tender advertisement. The advertisement implied that there would be a big focus on a transmitter at Churchdown, which would leave my constituents disadvantaged, due to the geography of our county. I also expressed concern that the tenders would inevitably focus on the urban and more densely populated parts of the county, which has Cheltenham and Gloucester at the centre geographically, and that they would tend to leave the more outlying rural areas, including my constituency in the Forest of Dean, somewhat at a disadvantage. I had a response from Ofcom on 5 October which I thought was rather dismissive of the concerns that I had raised on behalf of my constituents. I did not think that it dealt adequately with my concerns.

On 24 October, applications closed for the licence for Gloucestershire. There were two applicants: MuxCo Gloucestershire Ltd and Now Digital. Having taken some time to study their bids, I believe that neither would provide decent or acceptable coverage for my constituents in the Forest of Dean. The bid from MuxCo is much the worse of the two, from my constituents' point of view. Looking at the mapping that has been provided, it seems that the whole western part of my constituency and three of the four towns—Cinderford, Coleford and Lydney—would be almost completely excluded from being able to receive the digital radio signal. My rough estimate is that well over half of my constituents would be excluded from the company's broadcasts.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Is my hon. Friend and constituency neighbour aware that whereas the MuxCo proposal is disadvantageous to his constituency, it does include most of the Cotswolds, but the proposal from Now Digital, which gives his constituency a little bit of coverage, gives the Cotswolds virtually none? Does he agree that it is unacceptable for Ofcom to put out a tender that does not include the maximum number of people in both our constituencies?

Mr. Harper: I thank my hon. Friend for his intervention. Indeed, I was about to discuss the Now Digital proposal. As he may have guessed from my comments on the MuxCo proposal, the Now Digital one is marginally better for my constituents, but, as far as one is able to tell, it still excludes Cinderford and Coleford and a large

chunk of the population in the west of my constituency, and, as he said, it almost completely excludes his constituency.

The extraordinary thing about both bids is that they exclude large chunks of Gloucestershire, which is actually the area covered by the broadcasting licence, but they broadcast to significant parts of Wiltshire, south Gloucestershire and Worcestershire. Many people who are not covered by the local radio stations will be able to get the signal, but many of the people who ought to be able to get it will not.

I have written to both companies, first, to try to get more accurate information. The number of people who will or will not be covered under their bids cannot be ascertained from the map—it is not very clear. I am realistic and could understand, given the geography of my constituency, if less than 100 or even 99 per cent. of my constituents were covered. Indeed, under the current analogue broadcasting arrangements, some parts of the constituency that are large geographically but relatively small in population numbers do not get very good coverage. However, a bid that excludes significant parts—three of the four major towns, and approaching more than half of my constituents—is simply not acceptable and cannot really be considered a bid for a Gloucestershire local broadcasting system.

Therefore, I wrote to both organisations and to Ofcom to ask for more information but also to ask them, particularly Ofcom, to take into account my concerns after seeing the bids and to consider whether the situation could be improved. My constituents are very concerned about it. I have had people write to me in the past about digital television broadcasting and the problems that they experience with it, and I know that many of them are concerned about problems with radio broadcasting.

The Government very much promote the move to digital broadcasting across platforms, as do I in general—it has several advantages—but it is important that as many constituents as possible are included in the digital world and that we do not set up a digital divide, with my constituents being on the wrong side of it. I would be very pleased if the Minister would address that concern.

As a result of my securing this debate, Ofcom has been in touch with my office and provided me with a helpful briefing note—at least, it is helpful in respect of the facts; it is not particularly helpful in respect of the process that it will follow. It states that it does not require that any specific areas within the outline boundary—in this case, Gloucestershire—be served, and that it does not have a preference about the transmitters that the companies use, which, of course, does not cheer me at all.

Ofcom also stated that its assessment will consider the population coverage achieved within the county as a whole, but that it is prevented from requiring that all or any part of the area be served. Clearly, that has left me with a great concern that one or either of the bids will be approved unchanged, and that my constituents will be locked out of being able to enjoy local digital broadcasting in the future. That is not acceptable.

I would be grateful if the Minister could explain what guidance her Department gives Ofcom and licensees about balancing the geographic coverage of their broadcasting footprint and the number of people that they reach, and how they balance the different areas. Clearly, they are looking at Gloucestershire as a whole. My view is that even if they were to reach a certain level of population and geographic coverage in Gloucestershire, it would be unacceptable if some parts of the county were wholly or partially excluded, particularly if they contain a large number of people. I would be grateful if the Minister could explain whether there is any way of taking that into account and ensuring that areas are not completely excluded.

I would also be grateful if the Minister would provide information about the number of people in my constituency who would be excluded from receiving digital radio broadcasting under each of the bids, and whether she thinks that it is right, as we move to a digital world, that significant parts of the population are excluded.

Finally, just to finish on the radio piece, are there any plans in the future, as there are with the analogue television signal, to switch off analogue radio signals? Clearly, it would be a serious matter if significant parts of the population were unable to receive them. For many people, particularly those who are isolated or unable to get out, radio and television as a means of communication with the outside world are incredibly important, and it would not be acceptable to cut them off.

Mr. Clifton-Brown: I am grateful to my hon. Friend for giving way and promise not to intervene on him again. The position is even worse than he has outlined. I understand that the multiplex platforms will serve as platforms for a variety of programmes, so that not only the BBC but commercial radio will be affected. For example, if his constituents were cut off, they would be cut off from Radio Gloucestershire and also from commercial programmes such as Classic FM, so there would be a huge void.

Mr. Harper: My hon. Friend is right. A multiplex broadcasts a range of radio stations, so if someone cannot receive a signal they miss out not just on one station, but on all of them, which is serious.

The issue highlights a number of concerns about digital television in my constituency. Digital or analogue switchover in the Forest of Dean will take place in 2010 or 2011—different parts of my constituency receive signals from different transmitters because of the geography and topology of the area. A number of people receive poor digital television reception at the moment and many have no choice but to use a satellite platform because they cannot receive a digital terrestrial signal. I have pressed the Department about that, but the only answer that I have been able to get is that when digital switchover takes place the

"vast majority of people in the Forest of Dean will be able to get a signal".

"Vast majority" can mean many things to many people, and given the big gaps on the radio broadcasting map it would be helpful if the Minister would clarify what "vast majority" means. Clearly, it will be not be acceptable if significant parts of my constituency cannot receive an adequate digital television signal after switchover. The Government have made plans to ensure that most people in the country can receive a digital television signal, and I had been content with previous answers until I looked at digital radio coverage and saw how patchy it was. That has elevated

[Mr. Harper]

my level of concern about television coverage. The Minister knows that the television switchover from analogue to digital worries people throughout the country.

In the Forest of Dean, digital TV coverage is patchy, and digital radio coverage on the local multiplex is proposed to be "very poor" in one bid and "poor" in the other bid. Mobile phone coverage is also patchy in my constituency. My constituents have a right to be included in the digital future, and not to be trapped on the wrong side of a digital divide. That is the nub of the issue, and I shall be grateful if the Minister will turn her attention to it.

1.12 pm

The Minister of State, Department for Culture, Media and Sport (Margaret Hodge): I congratulate the hon. Member for Forest of Dean (Mr. Harper) on securing this debate, and giving the Chamber the benefit of the attention that he has given to digital broadcasting and television in his constituency. I will deal with the specific issues that he raised, but it is important to look at the context, particularly the rapid transition to digital broadcasting that is under way.

This is an exciting time in our transition to digital broadcasting. As he and other hon. Members know, switchover began in Whitehaven at 2 o'clock in the morning last Wednesday. The analogue television signal was switched off and replaced with digital signals. That means that everyone there now has a choice of how to receive digital services. For the first time, all Whitehaven residents can receive digital television terrestrially via an aerial. That gives viewers in the area access to the wider choice of channels that is a feature of digital TV. Everyone can now receive the BBC's digital channels, which they have been paying for through their licence fee but, until now, could not receive via an aerial. I will return to the hon. Gentleman's point, but Whitehaven and his constituency are probably not dissimilar. It is not possible to deliver digital terrestrial TV without switching off the analogue signal.

Early evidence from Whitehaven shows that the switchover went well. There are bound to be a few hitches and glitches along the way but, on the whole, people have been able to use the equipment, and the process seems to have gone smoothly. Most people seem to be genuinely pleased with the increased choice of channels now open to them, and are getting used to using the new equipment. I hope that the hon. Gentleman takes some comfort from that for when the analogue signal in his area is switched off and a digital is introduced. The hon. Member knows that switchover for most of his constituents, who receive their signal from ITV West, will start in 2010.

The hon. Gentleman may be interested to know that Digital UK and Ofcom track awareness of switchover, and awareness in the ITV West region is better than the national average at 91 per cent., which is 8 per cent. above the national average; 85 per cent. of households have already converted their primary TV, but not all their sets, to receive digital signals, which is also well above the national average. That suggests that his constituents are well prepared for switchover.

It would be worth while for the hon. Gentleman to remind his constituents why digital is better. First, it can be received by more homes. At present, only around 75 per cent. of homes receive the digital terrestrial signal, and only by switching off the analogue signal can digital terrestrial coverage be increased. We want to increase it to 98.5 per cent. Unless my officials give it to me, I do not have the figure for the hon. Gentleman's constituency. They have passed me a note stating what I knew—around 98.5 per cent. of his constituents should have access. I will write to Digital UK and Ofcom on the hon. Gentleman's behalf to find out whether they have more accurate figures for coverage. Given the dispersal of the population in his constituency, his constituents are clearly more vulnerable, and I accept the proposition that underpins what he is saying.

Access to digital TV provides better sound and picture quality. Many people can access digital TV by other means, such as satellite, cable or broadband, but many others will wish to continue receiving TV through their aerial after switchover. One reason for switchover is to release spectrum for new and different uses, and Ofcom is consulting on that. There is a range of exciting possibilities, including high-definition TV, mobile TV, and wireless broadband, and new services are emerging daily in this fast-changing communications environment. We hope that Ofcom will shortly publish the conclusions of its consultations on how to allocate that spectrum.

The main content of the hon. Gentleman's contribution was on digital radio. The switch to digital TV provides new opportunities for people to receive digital radio services, because all the main digital TV platforms also carry a range of digital radio channels. There are some 26 digital radio stations on Freeview, and satellite and cable services offer even more.

Interestingly, radio is one area where convergence can be seen in action. It has been possible for some time to listen to digital radio not only via digital TV and digital audio broadcasting but over the internet, which offers thousands of stations that can be received through portable wi-fi radios without the need for a DAB radio to access the services. We reckon that around 15 per cent. of total radio listening is across digital platforms, so the hon. Gentleman should remember that DAB is only one way in which his constituents can access digital radio.

Mr. Harper: The Minister is right in saying that a wide range of radio stations is available on digital television and the internet. Local radio stations are available on the internet, and some constituents use that, but clearly not everyone will want or be able to do so. Will local radio stations—for example, Radio Gloucestershire and Severn Sound—be available on the digital television platform, or will it provide only national stations? That is important.

Margaret Hodge: I am being told from behind that it will probably just be the national stations, but I should have thought that those other stations will be available on the net. That might be one of the solutions that is particularly appropriate to the hon. Gentleman's constituency, given the dispersed nature of its population.

I do not know whether the hon. Gentleman has done this yet, but I was going to suggest that he engage in discussions with others in addition to the broadcasters,

given the commercial way in which licences are settled. Discussions with the regional development agency and others might yield a new way of supporting funding and access to the new communication platforms. The regional development agencies certainly played a key role in rolling out broadband in areas where it was uneconomic to do so on a commercial basis, although I do not know whether that is relevant to the hon. Gentleman's constituency. If he engages in such discussions, they may well be fruitful, and he may want to come back to me after he has had an opportunity to discuss the issue.

To date, about 5.5 million DAB sets have been sold in the UK, but we should remember that there are 100 million analogue sets. DAB sets are therefore still quite a small part of the total market, but we expect them to be one of the things that people spend their money on when buying presents over the Christmas period. In addition, one in five adults now lives in a DAB household, and we expect that figure to double to 40 per cent. by the end of 2009. We therefore expect quite rapid growth.

Recently, the second national DAB multiplex was awarded to the 4Group, which is led by Channel 4, and we hope that that will lead to the delivery of an even greater range of services. Although we are seeing such growth, I must acknowledge that the coverage of national DAB signals is a barrier to growth, as both hon. Gentlemen have experienced. Broadcasters and Ofcom have recognised that and are working to improve coverage. The BBC has already committed itself to extending the coverage of its national DAB stations to 90 per cent. during the current charter, and I hope that the hon. Member for Forest of Dean welcomes that. The commercial national stations—on the Digital One multiplex—already achieve nearly 90 per cent. national coverage. That means that those who are covered listen to stations such as Classic FM, which the hon. Member for Cotswold (Mr. Clifton-Brown) mentioned.

Mr. Clifton-Brown: It is all very well the Minister quoting national figures, which say that 90 per cent. of people have coverage, but under one of the proposals, 90 per cent. of my constituents will not have coverage. Does the Minister not agree that the tendering process for the two bids is very unsatisfactory when there is such inequality of coverage in a county such as Gloucestershire?

Margaret Hodge: I would agree if the decision had gone one way or the other, but we do not yet know what decision Ofcom will reach on the two applications. I cannot prejudge the view that it will take, but we do know that coverage matters, although I should make it clear—this will probably not be of enormous comfort to the two hon. Gentlemen—that coverage means population coverage. Population coverage is the key, not geographic coverage. I completely understand that that creates difficulties for those who live in particularly isolated areas, but it is population that we want to reach with these new licences—the 13 extra licences for local digital radio that Ofcom is in the process of offering in the market and which the hon. Gentlemen are concerned about.

I hope that both hon. Gentlemen welcome the fact that Ofcom is also involved in the "Future of Radio" consultation, which is looking at whether Ofcom should have greater powers to increase the licensed areas of local multiplexes and enable local stations to increase their coverage. That consultation has just taken place, and Ofcom is due to publish its conclusions shortly. The Government will be considering its recommendations on this and other issues, and I am sure that both hon. Gentlemen will want to let us have their views on Ofcom's document when it emerges.

The hon. Gentlemen are clearly primarily concerned about the licence for the Gloucester multiplex. Those were advertised in July, and a decision is expected in January 2008, but it is clearly inappropriate for me to comment on any decisions. As I have told the hon. Gentlemen, Ofcom is bound to put a greater emphasis on population than on geography.

Mr. Harper: The Minister has been very clear about that, as has Ofcom, but one of the things that I asked her was whether she thinks that that is appropriate. It is appropriate for a national broadcasting system and national data, but is it appropriate for a local radio station completely to exclude big chunks of whole counties? Might the Minister's Department not wish to look at that when it discusses with Ofcom the framework that it uses to allocate licences?

Margaret Hodge: Let us look at what comes out of Ofcom's review. At the end of the day, however, licences are allocated on commercial grounds, and it is for those making submissions for licences to decide how many separate stations they will have to give them the coverage that they need. If we believe that the issue is best driven by the market, it is extremely difficult for us to lay down criteria, which would intervene very negatively in the market and probably prevent the development of the sort of local radio stations that we are looking to have throughout the country. We therefore have a tension between public benefit and commercial viability, which is why I suggested that one way for the hon. Member for Forest of Dean to take the debate forward following the allocation of the licences might be to enter into discussions with the regional and local authorities to see whether they feel that they have any role to play where there has been a market failure of the kind that he alleges has occurred in the allocations. We must wait and see what happens following the allocations.

In correspondence with Ofcom, the hon. Gentleman asked why its advertisement gave Churchdown hill as an example of a transmitter that those applying for a licence might want to use. There is no determination on the part of Ofcom to ensure that that is the transmitter that is used by whoever is awarded the licence—it is simply given as an example. Again, there are clearly huge technical challenges, given the terrain of the Forest of Dean, and both of those who have applied for the licence will no doubt have put their minds to the issue. It is in their interests to increase the audience, but they must do so in a way that remains commercially viable for them.

The other issue to which Ofcom will have regard—I hope that the hon. Gentleman approves of this—is how fast the applicants will roll out transmission of the service across the area. As he will know—I am sure that Ofcom will have told him this—there is a series of other criteria to which it will have regard, and I can write to him about those if he does not have them.

[Margaret Hodge]

The Government have no plans to set a timetable for radio switchover. The issues for consumers and the industries are far less clear-cut than they were for TV. As I said, digital coverage so far is much lower, but we are considering calls to set up a working group to consider the future of digital radio in the UK. One issue that any such group would need to consider is how to ensure that as many people as possible can have access to the great range of services offered by digital radio.

In conclusion, digital broadcasting can bring benefits for consumers, including better quality and better choice, but Ofcom must work with industries to consider the barriers to the growth of such services.

Housing (West Ham)

1.30 pm

Lyn Brown (West Ham) (Lab): Before I outline some of the difficulties faced by my constituents because of pressure on the housing market in Newham, I want to welcome the commitment in the Queen's Speech to a housing and regeneration Bill, and in particular to increasing the amount of new social housing to be built. The key challenge will be to ensure that homes that have already been promised are provided.

I want to focus on housing pressures in my constituency which need to be addressed if the Government's aim of ensuring that everyone has access to a decent, affordable home is to be realised. My first concern is that the new homes built in my constituency should be suitable for the people who most need them. To put it simply, we must build homes for those who are in the most need—those who are already on the housing list for affordable, acceptable accommodation. I speak particularly of the 5,000 people in Newham who are housed in temporary accommodation for years on end, shunted from property to property because their salary does not allow them to get their foot on the first rung of the housing ladder.

Let us not misunderstand what that means to those families. They are often shunted from home to home as their leases finish. They do not have the stability that comes with a permanent home. They do not manage to put down roots; they cannot sign on doctors' lists; they cannot participate in local leisure clubs; they cannot participate in the community in which they live. Children must often move schools, or travel long distances for their education, which makes it difficult for them to fulfil their potential. That situation obviously does not make for a good community, but neither does it make for an equal society. Moving home is also an expensive business, and the cost affects the very poorest people in society.

There is currently a waiting list of 30,000 for Newham. We must build enough homes to ensure that each of those 30,000 households can find an appropriately sized home at a price they can afford. The waiting list for a two-bedroomed property in Newham is about eight years, rising to 10 years for a three-bedroomed property and 13 years for a four-bed. That is the waiting list for a property—not a house. I hope that the Minister will accept that those waiting times are far too long. It is larger family homes that are most urgently needed in the borough, but those are the least likely to be built.

In a prime example earlier this year of the pressure on housing in Newham, a three-bedroomed council property in Plaistow was named by *Roof* magazine as the UK's most desirable property, not because of any palatial views or extensive landscaped gardens, but because Newham council received 1,035 applications for the property from would-be tenants. Why? Although the property is well maintained, I am sure that the £81 per week rent, which is a third of what one would expect to pay in the private sector, would make it very desirable indeed for the tenant who secured it. On average the council receives more than 330 applications for each property that it advertises. What practical measures are the Government taking to ensure that new homes are an appropriate size for those on the waiting list? Living in temporary accommodation is not acceptable and does not make for effective or sustainable communities.

A second pressure that should be considered when appropriate housing build for my community is being determined is the dreadful overcrowding that families endure. Size does indeed matter. During the summer of 2006, only 6 per cent. of the homes being developed in the borough had three bedrooms, whereas 65 per cent. had two bedrooms. Smaller properties are a safer and more attractive opportunity for investors, but as young single people become couples, and lucky couples become families, the need for bigger properties grows. Those bigger properties are not available. Newham has the highest average household size in the country. According to the 2001 census it has the greatest number of households in the UK with five or more residents—20 per cent.

The lack of bigger homes is a principal cause of overcrowding, which is a huge problem in Newham, where entire families often live in one-bedroomed flats. The negative impact of overcrowding on family, education, health and community cohesion have been ably demonstrated by organisations such as Shelter, but, sadly, those impacts are all too frequent in my borough. The 2001 census showed that more than a quarter of Newham's households are overcrowded, lacking at least one room for the number and type of people in the household. It is a London-wide consideration, and the draft London housing strategy proposes that 42 per cent. of social rented homes entering the programme should have three or more bedrooms.

Research by the Housing Corporation in 2006 indicates that about 82 per cent. of people aspire to own their own home. Nationally those aspirations are gradually being realised, with 70 per cent. of homes owner-occupied, but in Newham less than 50 per cent. of houses are owner-occupied. I hope that our aspirations to assist people to realise their home-ownership aspirations will be taken seriously.

That brings me neatly to the issue of the right to buy—its regulation and its impact on West Ham. I should certainly welcome measures to cool the overheated buy-to-let market, which has helped both to ratchet up the cost of temporary accommodation for local authorities, at an extreme cost to the Exchequer, and to decrease the affordability of housing for ordinary working families, above all in the capital. Housing benefit spend in my borough is £245 million. A third of that—£67 million—is spent paying private landlords. The average amount of housing benefit paid to council tenants in Newham is £70 a week. The average housing benefit payment for temporary accommodation is £350 a week—five times that paid to council tenants. It does not take a genius to recognise that funding additional social housing provision in my borough could prove beneficial to the Exchequer, not to mention to those families who cannot afford to work and keep a roof over their heads.

Official Newham statistics state that of the 950 new homes completed in 2005-06, only 132 were for the social rented sector. I have no doubt that the bulk of that new private accommodation will be buy to let: 45 per cent. of the market homes in London are bought to let, and the proportion is greater in areas where property is cheaper. In comparison with many parts of London, Newham is cheap. I recognise the importance of the private rented sector for those who cannot yet afford to buy their own home, and for those who are seeking more temporary accommodation, but rents are climbing as rapidly as house prices. We do not want to return to the Rachman era in London, with people being forced to pay exorbitant rents because they have no other choice.

I want to touch on regulation. The Housing Act 2004 introduced a welcome mandatory licensing scheme for larger houses in multiple occupation. It placed the onus on the landlord to register the property with the council, or face a fine. That means that environmental health officers have a much better chance of finding the properties that are more likely to endanger the health and safety of the occupants, and of improving the immediate physical conditions and management standards. I do not want the Minister to get me wrong: some landlords understand their responsibilities both to their tenants and to the wider community. However, a small number exploit their tenants, graze on housing benefit subsidies and ignore the impact of antisocial behaviour on neighbouring residents. I have lost count of the number of complaints that I have received from my constituents about absentee landlords.

There are two principal problems with the current regulations in my constituency. First, the mandatory licensing scheme only covers homes with three or more storeys. The borough contains the largest building site in Europe—if it is not, it feels that way—and some of the population is made up of migrant workers who often live in small homes, many to a room. The homes are too small to accommodate the number of people living in them, and many facets of living, some with significant links to health problems, overflow into the street and garden.

Secondly, the exceptionally high levels of occupancy are causing stress in local communities, and the local council does not have the power to do anything about it. Residents have told me that they will most likely sell and move if the situation does not improve, and their homes are more likely than not to be bought and let, thus exacerbating an already difficult situation. I have discussed the matter, albeit briefly, with the mayor of the borough, and I understand that he would not welcome additional powers unless they were accompanied by severe penalties. The financial reward for cramming houses with large numbers of people is so great that paltry fines do nothing to deter such behaviour; rather, they reinforce the contempt in which some hold the law and those who enforce it.

Little is done to protect those in smaller houses of multiple occupation. Some 80 per cent. of such homes are not covered by the mandatory licensing regime, and the vast majority in my constituency fall outside the mandatory threshold. Newham's environmental health officers must play detective to check that standards are being met, which wastes precious time and resources. If they finally get a landlord to court, he or she would face only a risible fine. I hope that the Minister will consider extending the threshold to all houses of five or more occupants and ensure that the penalties are sufficiently severe and easy to enforce to deter those bent on breaking the law for the easy-to-obtain and high financial benefits.

I am also concerned about the density at which new homes will be built—higher density properties where viable are encouraged by the new proposals. Density of new properties has increased by almost 60 per cent. in this country. In 1997, there were an average of 25 dwellings per hectare; in 2005, there were 42 dwellings per hectare. I appreciate that higher density housing will mean that less land is needed for the proposed

[Lyn Brown]

3 million new homes, and that that will help to protect what little remains of Newham's green and pleasant land, but I cannot advocate a return to the tower block estates of the 1960s and 1970s, which so drastically altered the physical landscape of our towns and cities, produced innumerable social problems, and destroyed communities.

Newham has had many high-density housing developments and by the 1980s had one of the highest concentrations of tower blocks in Britain. The developments failed as communities and the resulting social problems cost the borough and the country huge amounts to put right. The blockbusters programmes of the 1980s attempted to get rid of blocks throughout the country, so why would we want to build more of something that we have recently disposed of? Why would we knowingly recreate the same problems? Public confidence in high-rise tower-block living has been severely eroded, and therefore new blocks are unlikely to include mixed communities. I urge the Minister to look again at the issue and to ensure that we do not create isolated tower blocks of social housing that are destined for failure and disposal.

I am concerned about density. I listen incredulously to nimby debates in the House in which representatives of Her Majesty's Opposition speak against any housing development in their area. They demonstrate little appreciation of others' living conditions, particularly people in the capital. Newham is already densely populated and will undoubtedly become more so as we approach 2012. I am told that we will build a city the size of Portsmouth within my constituency by 2020, but even now, even in the backstreets, it is impossible not to notice the constant bustle and the number of people walking by.

The 2001 census, which is disputed locally as it tended to under-count the population, showed the population density of London to be 45.6 people per hectare. My borough, Newham, was shown to have 67.3 people per hectare, almost one and a half times the average population density of London. The 2006 estimate for the population density of Newham was yet higher at 72.4 persons per hectare. At 45.6 persons per hectare, London is the third most crowded of the major European cities after Paris and Barcelona. Some 15 per cent. of the UK's population lives in London, but it covers less than 0.5 per cent. of England's land mass, which has an obvious effect on the quality of life.

In conclusion, I wish to put on the record issues about which I have spoken in the House before. There are clear interrelationships between housing and poverty in my borough. The exceptional cost of housing and the problems caused by a lack of public sector housing are compounded by the impact of the benefits system. I have spoken previously of evidence from my constituents that housing benefit and the way in which it combines with other sources of income, benefits and tax creates a poverty trap for those in low-paid work. Overcrowding and unsuitable housing contributes to the stark health inequalities that people in my area face as compared with their peers in Westminster, Kensington or Chelsea. The interrelation between high housing costs and other types of deprivation is clear to me, as I hope it is to the Minister, and I believe that a strategic approach to combating the problems engendered by housing affordability and supply is imperative.

I have outlined a whole agenda of issues that I have brought to the Minister directly from the community I serve. The issues arise from a challenging reality, and are urgent and immediate to my constituents and those of many other hon. Members who serve areas in which there is high stress on housing. Will the Minister recognise that we must find real and lasting solutions to these problems? Not to do so would undermine much of what the Government are trying to achieve in the creation of a fair and equal Britain.

1.47 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): May I begin by saying what a pleasure it is to be serving under your chairmanship, Mr. Chope, for what I believe is the first time? I am pleased that my hon. Friend the Member for West Ham (Lyn Brown) has secured this debate on the important issue of housing demand in her constituency. I wish to pay tribute to her work campaigning on behalf of her constituents, particularly on housing-related topics such as overcrowding and homelessness, which I shall mention later.

My hon. Friend articulated well the serious pressures on housing in her constituency. She recognises, however, that the issue does not arise only in West Ham or London as a whole. Every region in the country now faces affordability pressures, which is why the Prime Minister has made housing a key priority for the country and the Government. Much is being done but, as my hon. Friend pointed out, there remains an awful lot to do. There is a great deal to cover in the time available, and the matter must be set in context. If I do not cover all my hon. Friend's points, I should hope that she would allow me to write to her in future.

It is clear that Newham has high levels of housing demand, as my hon. Friend stated. The number of households on the local authority register of housing increased by slightly more than 4,200 between March 2005 and March 2006, and the latest figures show that there are 5,988 homeless households living in temporary accommodation in the borough. That is one tenth of the total of households in temporary accommodation, a proportion that is, frankly, too high for one single London borough. It is imperative that we work on securing both adequate and affordable housing options in the area. Additionally, the census shows that overcrowding is an issue—more than a quarter of households were deemed overcrowded in 2001.

Although affordability is a problem nationally as well as in London, it is further compounded in Newham where average weekly earnings were assessed at £383, compared with a London average of £450 per week, and average house prices stand at £237,065. There are also relatively low levels of employment, with just over 48 per cent. of working-age adults in employment compared with an England and Wales average of 60 per cent. The number of single-person households is also relatively higher in Newham—it stands at 34 per cent. compared with an England and Wales average of 30 per cent. The borough has the highest proportion of lone-parent households with dependent children in London. All those factors fuel the demand for housing.

So, why do I mention those facts? As my hon. Friend so eloquently made clear, there is a direct link between housing, prosperity, aspiration and opportunity. If people

have poor housing, they will have poor life chances. We need to intervene to deal with that. The combination of high levels of social rented tenancies and low employment levels means that accessibility and affordability are vital to get the right sort of housing for my hon. Friend's local community.

My hon. Friend asked what measures the Government are taking to ensure that new homes of an appropriate size are being built. Planning policy statement 3 sets out how the planning system will deliver. Local planning authorities will have to identify enough land to deliver the homes needed in their area over the next 15 years. We have published new guidance that shows how councils can find the land they need. In cases where councils have not identified enough land and do not grant sufficient planning permissions, planning inspectors will be more likely to overturn their decisions and give housing applications the go-ahead.

We regard it as essential that local authorities maximise the supply of building land in their areas, and so we announced in the housing Green Paper published in July our intention to establish a new housing and planning delivery grant to reward local authorities for the delivery of new housing. We will make £510 million available for that grant in the comprehensive spending review. Last month, my right hon. Friend the Minister for Housing launched a consultation on how the new grant should work to provide incentives for those who are doing their bit to deliver the extra housing needed, including bringing more empty homes back into use.

Overcrowding and the supply of family homes were central to my hon. Friend's speech, so I want to expand on those issues. First, however, I want to set the strategic context in London. We believe that the challenge posed by London's housing needs will best be met if we give the Mayor a strong strategic role. That is why the Greater London Authority Act 2007 gave the Mayor the responsibility for producing a statutory housing strategy and for advising Ministers on the allocation of housing investment through the regional housing pot in London. In September, the Mayor launched his draft housing strategy, which will go through a period of consultation before it is finalised next year.

Last month, we announced the proposed regional allocations of housing investment, which will offer London an unprecedented £3.97 billion in 2008-11. My right hon. Friend the Minister for Housing is considering the Mayor's recommendations for how that funding should be allocated between affordable housing, local authority decent homes, private sector decent homes and regeneration. All that additional funding will allow us to provide more social housing, which, as my hon. Friend said, is sorely needed in London to reduce the use of temporary accommodation and to alleviate overcrowding in the capital. The Housing Corporation's recent bidding round reflects the proposals to improve the housing choices for Londoners in the Mayor's strategic housing investment plan, which is part of the draft strategy.

In the meantime, we will invest £1.5 billion in the London affordable housing programme for 2006-08. Through the AHP, we have provided 6,350 social rented homes and 5,370 low-cost home ownership homes in London in 2006-07. We aim to provide 8,000 social rented and 7,870 low-cost home ownership homes in 2007-08.

Newham is central to that growth. Crossrail, the Olympics and Paralympics and the need for a legacy from those games, Stratford city and the Thames Gateway all offer an unprecedented period of opportunity for the borough and its residents. Across the borough and, specifically, in the 2012 unit at Newham, agencies and organisations are working hard to ensure that they achieve a lasting legacy from their role as one of the key host boroughs for the Olympics. That legacy will include the provision of new affordable housing and the creation of jobs for local residents. I hope that my hon. Friend will find it positive that some £38 million of London's affordable housing programme for 2006-08 has been allocated to Newham to deliver around 500 affordable homes.

We are also looking forward to massive regeneration at Canning Town and Custom House. That project forms part of my Department's mixed community initiative, and includes the building of 8,000 new homes and the creation of 500,000 sq m of floor space in a revitalised town centre. The aim of the £2.5 billion project is the physical, social and economic transformation of a highly accessible location in London, creating a sustainable and cohesive community.

There will also be investment in the retail areas, new or improved schools, health, leisure and other community facilities. That will reap dividends for the communities living there and in the surrounding areas. External support for the project is also strong. English Partnerships, the London Development Agency and the Greater London authority, together with a consortium of housing developers and registered social landlords, have all registered their commitment to realising the vision of Canning Town and Custom House regeneration.

I turn now to the new deal for communities in my hon. Friend's constituency, which began with a bang on the Brooks estate—quite literally—when Watts Point crashed down under a controlled explosion in May 2003. Now, 200 new homes are being built by the community housing group and extensive internal and external refurbishments have been carried out on many of the Newham properties. Although work is expected to continue until 2010, the Brooks estate already looks greatly improved.

My hon. Friend mentioned the plight of those in her constituency who live with overcrowding. The Government are aware of that. It is a particular problem in her borough but there are also serious issues of overcrowding in other London boroughs. We are taking action to reduce overcrowding in areas such as my hon. Friend's constituency by seeking to increase the supply of housing in general and, in particular, to increase the supply of family-sized homes.

Through the Housing Corporation's 2006-08 affordable housing programme in London we have increased the proportion of new social homes with three or more bedrooms from 27 per cent. to 34 per cent. Through the London housing pot for 2006-08 we are also funding £20 million of works to extend or remodel social rented homes to provide family homes with four or even more bedrooms.

Following recommendations from the Mayor, which have been accepted by the Government, we shall look to increase further the proportion of homes in the Housing

[Mr. Iain Wright]

Corporation's 2008-11 programme with three or more bedrooms to 42 per cent. We also want to help families to take a first step on the housing level, so we will move incrementally towards a target that will require 16 per cent. of all intermediate homes funded by the Housing Corporation—and by the home and communities agency once the Housing and Regeneration Bill receives Royal Assent—to have three bedrooms or more by 2010-11. We will also fund five sub-regional co-ordinators in London between 2006 and 2008 to work with boroughs to tackle overcrowding.

My hon. Friend mentioned with great eloquence her concern about the density at which new homes are to be built and that we should not return to the tower block estates of the 1960s and 1970s. Government policy on the density of housing is set out in PPS3. Density is a measure of the number of dwellings that can be accommodated on a site or in an area. If done well, the imaginative design and layout of new developments can lead to a more efficient use of land without compromising the quality of the local environment. The highest density of housing in London is found in Kensington and Chelsea. We need to stress the importance of good design and good quality to ensure that people have the homes that they deserve.

The Mayor's London plan provides a matrix for residential densities. In the West Ham area, that will vary from at least 200 habitable rooms per hectare in less accessible locations up to 700 habitable rooms per hectare and more in very accessible locations, such as near town centres and major transport interchanges. The borough is already generally building to those density standards

The Government are committed to achieve a step change in the supply of housing throughout the country. We are putting in place the framework and the funding to achieve our ambitions. However, it is not just about what Government can do. It must be a shared endeavour, with private, public and third sector delivery parties all playing full roles. We must involve local communities, too. In short, everyone needs to play their part. Working together, we can make a real difference. With my hon. Friend leading her community in West Ham, I am sure that we will see the housing pressures relieved.

Question put and agreed to.

Adjourned accordingly at Two o'clock.

Westminster Hall

Wednesday 21 November 2007

[MR. PETER ATKINSON *in the Chair*]

Horse Racing

Motion made, and Question proposed, That the sitting be now adjourned.—*[Steve McCabe.]*

9.30 am

Mr. Hugo Swire (East Devon) (Con): It is a pleasure to serve under your chairmanship, Mr. Atkinson. I am most grateful to have secured the debate, but I shall limit my comments, because I know that a number of right hon. and hon. Members feel very strongly about certain aspects of today's racing scene and I want to give them, if possible, an opportunity to speak.

It is unfortunate, but in a way apposite, that the House is discussing this issue today—the day of the funeral of Sir Tristram Ricketts. Sir Tristram, who devoted his working life to the racing industry, was chief executive of the Horserace Betting Levy Board and a previous chief executive of the British Horseracing Board. Nobody, or few people, contributed more to our industry or worked harder on behalf of British racing. I know that some hon. Members have been unable to attend the debate because they will, quite rightly, be attending his funeral this afternoon.

I share hon. Members' enthusiasm for this, first and foremost, great sport. However, racing is not just a sport but a thriving industry, encompassing bloodstock, race course businesses and, of course, betting. British horse racing is the envy of the world, but the whole industry needs to come together, perhaps as never before, if racing is to flourish. The overall news is positive. For the first time in 80 years, a new race course will open at Great Leighs. According to the British Horseracing Authority, the industry now employs 88,000 people. In 2007, there have been 9,000 races—it seems at times as though there are almost as many bodies representing different parts of racing as there are races. A total of £10 billion is bet annually at off-course bookmakers.

The following is not a party political point; I hope that the Minister will agree. I shall come to the party political points shortly, so I hope that he will not be too disappointed. What racing does not need is the dead hand of Government, but regrettably this Government's procrastination and successive blunders mean that the Government are now more involved in racing than ever.

I am a Member of Parliament for a rural constituency—albeit sadly one without a race course, although Exeter and Newton Abbot are temptingly close across the estuary—where racing and associated businesses provide valuable local employment as well as much-loved recreation in the south-west. It is worth remembering that half the 59 race courses in this country are in rural areas and play at times a perhaps disproportionate role in the local economy.

With your permission, Mr. Atkinson, I shall debate two main issues this morning: the Tote and the future of the levy.

Anne Moffat (East Lothian) (Lab): I just want to make a point before the hon. Gentleman moves off the issue of the local economy. He may be aware that Musselburgh race course is in my constituency, and it is a small and classy course. It creates employment and is great for the local economy in terms of tourism and the like. Does he agree that any reduction in the levy would destroy my local race course and British racing?

Mr. Swire: The hon. Lady has quite properly secured her press release for today. If she will bear with me and allow me to develop my thoughts on the levy, I think that I will answer her and she will not be disappointed.

Pitch positions—a very important issue—were covered comprehensively in recent Westminster Hall debates, two of which were instigated by my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith), whom I am pleased to see with us this morning, and one by the hon. Member for Livingston (Mr. Devine), who is also present. The issue is now the subject of a hearing of the Select Committee on Culture, Media and Sport, so I will not rehearse the arguments this morning. However, I would like to ask a couple of questions relating to pitch positions.

Does the Minister now admit that before the Gambling Act 2005, list positions were guaranteed by certificates of approval as issued by the levy board? Does he agree that that Act enabled the Racecourse Association to make its announcement on 14 March this year to refuse to recognise on-course bookmakers' list positions? Was that an intentional consequence of the legislation?

The Government's nationalisation of the Tote was profoundly wrong, and what has happened since has been nothing short of a farce. The Government at the time—it is good to see the previous Minister for Sport, the right hon. Member for Sheffield, Central (Mr. Caborn), present as well—gave cast-iron assurances that racing would not lose out from the sale. Initially, Ministers promised that the Tote would be sold only to the Racing Trust for £50 million, but later they gave a pledge that, in the event of its being sold to another buyer, racing would receive half the proceeds from the sale. However, either by conspiracy or cock-up, it transpired that such a move would contravene EU state aid rules. I now understand that PricewaterhouseCoopers, which is advising the Government, has reviewed racing's latest offer of £320 million for the Tote and advised that it risked again being blocked by Brussels. Is that the case? If so, what contingency plan does the Minister have in case the Tote is again not sold? How will the Government honour their manifesto commitment to benefit racing? What compromises have they tried to broker? The Government must now decide the future of the Tote, and an indication from the Minister this morning, setting out once and for all the endgame and a timetable, would benefit all.

When licensed betting operators were legalised in 1961, it was with the proviso that a mechanism should exist to recycle some of the proceeds to racing. The levy, it should be remembered, had two criteria: to meet racing's needs and to take into account the bookmaking industry's ability to pay. As hon. Members are aware, the European Court of Justice ruling on data rights in

[Mr. Swire]

2004 prevented an alternative revenue stream for racing from the sale of pre-race data to bookmakers, which might have offered a credible alternative to the levy.

The Government then commissioned Lord Donoughue's future funding of racing review group, which concluded in 2005 that a commercial alternative to the levy would require the Government's intervention to ensure that any sale of picture and pre-race data rights did not fall foul of competition law. Many of us believe that the levy, in its current form, is not the most desirable or even a desirable way of funding racing, but we are where we are.

The Minister must now make a determination for the 47th levy so that racing can plan for its future. He will be more than aware of the robust discussions going on between the bookmakers and the race courses about the levy. Does he share my view that Turf TV is a commercial decision divorced from the levy and does he believe that it would be wrong and not in the best interests of racing if his decision on the levy had the net effect of competition not flourishing? Hon Members will be aware that the major bookmakers believe that the introduction of Turf TV will lead to an increase in their costs. Does the Minister agree that the rationale used by the bookmakers for a £50 million reduction in the levy, from £85 million a year to £30 million a year, was based on the extra costs associated with receiving Turf TV?

Mr. David Heath (Somerton and Frome) (LD): I congratulate the hon. Gentleman on securing the debate and I agree with what he is saying. I am sure that he will agree that a reduction of that proportion in the levy will not only affect prize money in elite racing, to the detriment of the sport, but be very detrimental to medium-sized race courses, such as Wincanton in my constituency, and there will be a knock-on effect on training yards, which will not be able to stable the same number of horses in the future.

Mr. Swire: The hon. Gentleman makes a good point. Perhaps, if he is lucky enough to be called by the Chairman, he will speak further on it. The number of races has risen, and stakes and prizes are a serious issue. I do not think that a reduction of the nature that I mentioned would be in the best interests of racing, by which I mean race courses and bookmakers alike.

Mr. Richard Caborn (Sheffield, Central) (Lab): Has the hon. Gentleman calculated how many of the 57 race courses would close down in a period of five years if the levy became a commercial transaction?

Mr. Swire: The right hon. Gentleman brings much more experience to this debate than I. Maybe he has made that calculation; I have not. Suffice it to say that I think that a number of race courses would be left vulnerable if the levy were reduced in that way.

What conversations has the Minister had with the Advertising Standards Authority regarding the initial leaked findings, reported in the *Financial Times* on 6 November, disputing the basis of the bookmakers' figure? Turf TV believes that its product should cost £4 million extra a year for all bookmakers, whereas Satellite Information Services believes that the cost is closer to £50 million. Does he have a view on that?

As I said, the Minister must now decide the level of the 47th levy. Does he not agree that the best thing for racing would be to leave the levy at the same rate? That would undoubtedly fail to please bookmakers and race courses alike, but it would be a credible position for the Government at this time. Once he has made the new determination, will he redouble his efforts to bring all interested parties in racing together to modernise the levy in order to ensure more equitably racing's long-term future? It is an aspiration that should unite us all.

9.41 am

Mr. Jim Devine (Livingston) (Lab): I congratulate my hon. Friend the hon. Member for East Devon (Mr. Swire) on securing this debate. I say "Friend" deliberately, because when I first came to this place, we served on a Committee together, and he was generous and kind. He has been very helpful in the short time that I have been here. On a personal basis, I think that he is a big loss to the Opposition Front Bench.

Mr. Swire: That has done for the rest of my career.

Mr. Devine: Absolutely. It is ruined now.

I want to deal with the poor put-upon pitch bookmakers, but first—recognising the subject of the debate and the fact that a court case is taking place on which we cannot comment—I shall refer to an article written by Barry Dennis, the well-known bookmaker from Channel 4. He pointed out in *The Sun* on 13 October that he had bet £20,000 with Betfair on a photo finish, the outcome of which he already knew. Within minutes he had earned nearly £2,000. The House needs seriously to look into such practices. Barry Dennis describes them in his article as fraud, and I do not think that that is an unfair description.

I speak in defence of on-course bookmakers, who happily relieved me of all my money at a recent meeting in Ayr. My good friend Frank Carroll managed to pick winners at 33:1, 25:1, 18:1 and 16:1, but sadly I did not listen to him. Bookmakers are important to the colour of horse racing. It is an enjoyable sport. My predecessor Robin Cook said that there were two thumps that he liked: one was the thump of a ballot box on the night of an election, and the other was the thump of horses' hooves at a race meeting. He was well known as a friend of racing, not just in this place but throughout the United Kingdom.

On 14 March this year, the Racecourse Association announced that it would confiscate assets from on-course bookmakers to which the race courses had never before expressed a claim. It was a bolt out of the blue. It was commercial opportunism, and I shall explain why. Since 1958, through various regulatory regimes, it has always been understood by all interested parties that list positions were assets held in perpetuity subject to the existence of the race course in question. The letter of 14 March was the first that on-course bookmakers, the National Joint Pitch Council, the body responsible for the administration of list positions as of 1998, or the Horserace Betting Levy

Board, the statutory board responsible for awarding certificates of approval—I agree with the hon. Member for East Devon that there are too many bodies in racing—had heard of the Racecourses Association's intention to cease to recognise list positions.

The chairman of the NJPC said on 13 November in a Culture, Media and Sport Committee oral evidence session that he was stunned by the announcement, and the levy board representative declared that he was surprised. Neither body could understand the justification for the RCA's announcement. It had been understood by all parties involved that list positions were held in perpetuity. Not only was it a shock for the bookmakers, but it threatened their livelihood, their retirement and their families. Before the RCA's announcement, the NJPC valued list positions at £70 million. After the announcement, it valued them at £40 million and falling daily. Those assets, bought in good faith, will be rendered worthless by 2012.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): Does not the hon. Gentleman find it strange, as do I and perhaps many sitting in this Chamber, that those pitch positions were traded from day one of the NJPC's existence without the Racecourse Association commenting at any point that people were trading positions of which they had no ownership? The Government should make it clear that it was never their intention to allow the race courses to take away an absolute right that was being traded.

Mr. Devine: I agree totally. The right hon. Gentleman and I have both been involved in previous debates on the matter in this Chamber, and I think that our views are as one.

Why was the RCA's announcement so surprising? In 1998, the outmoded system of transfer through inheritance, or dead man's shoes as it was called, was replaced by a trading system. On-course bookmakers could finally buy and sell their assets. The post-1998 system was approved and adhered to by all parties involved, including the RCA, which was consulted at every stage of discussions and assented fully to the regime's establishment. Indeed, the race courses benefited from the system, as substantial sums from the commission and sales of list positions were spent on race course improvement. Everybody benefited.

Interestingly, at the Select Committee's oral evidence session on 13 November, the RCA said that it was the only party involved in the post-1998 trading system to believe that list positions bought by on-course bookmakers were not assets held in perpetuity.

Mr. Don Foster (Bath) (LD): Would not the hon. Gentleman strengthen his argument further by reminding the Chamber that in 1998 a certificate of approval required that list positions be acknowledged and accepted?

Mr. Devine: The hon. Gentleman makes a good point, which I may not have included in my speech. It adds to my argument, and I am grateful for it.

The NJPC, the levy board and, most importantly, bookmakers—both buyers and sellers—thought that list positions were held in perpetuity, but the RCA said that it did not. That cannot be so. At the time, race courses had to recognise list positions to receive a certificate of approval from the levy board. The RCA could not have predicted a change in that arrangement. Like all other parties involved, it must have based its decisions on the assumption that the regime established in 1998 would continue. The only change that it might have predicted relates to the five times rule—the rent—which is an entirely separate issue. That is an important point. Furthermore, as Tom Clarke, the chairman of the NJPC, said, the RCA did not mention a time limit or raise the issue of list position tenure until the 88th meeting between all the parties involved. I repeat that it was the 88th meeting before the issue was first raised.

At the meeting on Wednesday 7 November between the Federation of Racecourse Bookmakers and the RCA, held under the Minister's auspices, the FRB asked the RCA to explain the timing of its decision. It asked why the RCA had waited until March 2007 to make the announcement given that, until then, the race courses had been perfectly happy with the status quo—the post-1998 system—and had never questioned the tenure of list positions. Something must have changed. In response to that question, one of the RCA representatives explicitly stated that the decision was made in March 2007, just after the new regulations came into force in February. If that is not an admission that the proposed theft—that is what it is—of bookmakers' assets had been facilitated by the Gambling Act 2005, then I do not know what is.

It is clear that the Select Committee was thoroughly unimpressed at the Racecourse Association's evidence. Although the other parties that gave evidence, including the NJPC and the levy board, understood that bookmakers held their list positions in perpetuity, the RCA said that it did not, despite having representatives on all statutory bodies. That does no credit to the race courses that are members of the RCA.

The RCA's chief executive disingenuously referred continually to property rights with regard to list positions, despite knowing full well, because he had been told on a number of occasions, including in front of the Minister, that on-course bookmakers had never argued that list positions conferred a property right. It has been explained to the RCA on numerous occasions that list positions are assets held in perpetuity, subject to the existence of the race course in question. Furthermore, I remind the House that the dispute is over the status of list positions—bookmakers' assets—and not the rent. It is important to make that point because of attempts to cloud the issue.

Issue 10 of the RCA's update for racecourses states that the proposal to move the five times rule to commercial arrangements between racecourses and bookmakers was originally made by the Government in March 2003. That statement disingenuously failed to recognise that the position papers of the Department for Culture, Media and Sport had recommended movement to commercial arrangements only from the five times rule. The Government's position on list positions, as stated in paragraph 2.6 of the DCMS paper, was that we had already seen the removal of the "dead man's shoes" on horse race courses and a move

[Mr. Devine]

to fully commercial sale arrangements for pitches. Again, highlighting that point shows that the argument is flawed.

The RCA is effectively advocating the move to fully commercial arrangements, with all the implications that it would involve for racing. I am sure that the House will agree that it is an interesting proposition, as it totally undermines its argument. We already have fully commercial sale arrangements—on-course bookmakers buy and sell their list positions. The only problem for the RCA is that the race courses are not directly involved in those transactions. They want to be involved. They want more money. That is what they mean by commercial arrangements. However, although wanting more money is acceptable, it does not justify theft.

The RCA is disingenuously attempting to use the umbrella term "commercial arrangements" to refer to both rent and assets when they are, and should, remain entirely distinct and separate. As the Select Committee pointed out again and again, it is extremely difficult to understand why the race courses could not recognise bookmakers' list positions and at the same time undertake negotiations over the rent. That is what should have happened. On-course bookmakers have always been willing to negotiate over the rent. However, they also want their pitches back. Rent and assets are separate issues. We should not let the Racecourse Association muddy the water.

I call upon the race courses to disassociate themselves from the comments and actions of the chief executive of the RCA. I call on the RCA fully to recognise the list positions of on-course bookmakers. Failing that, the Government should bring in secondary legislation that invests the duty of preservation in a statutory body.

9.56 am

Mr. Laurence Robertson (Tewkesbury) (Con): I congratulate my hon. Friend the Member for East Devon (Mr. Swire) on securing this debate. I have initiated a number of debates on horse racing, and I know that there is tremendous interest in the sport and thus in the debates. I therefore congratulate my hon. Friend on securing a 90-minute debate, which allows a few more hon. Members to make a contribution.

My hon. Friend mentioned that holding the debate today is appropriate but also slightly difficult, given that the funeral of Sir Tristram Ricketts is taking place this afternoon. I pay a brief but personal tribute to Sir Tristram, who was well known throughout the sport. He always had time for everyone; he always had a smile, a joke, a word of wisdom for people. He will be sadly missed not only by the sport but by his many friends. I hope to set off for the funeral immediately after the debate. I suspect that I will have to stand outside, as so many people will be there. Nevertheless, it is important to be there. In that respect, it is a sad day.

My hon. Friend was right to say how important horse racing is to the country and to rural communities. He was right also to say that it is a magnificent spectacle. There can be no doubt that it is the envy of the world. It is my great privilege to represent what I consider to be the greatest race course in the world. Cheltenham race course at Prestbury Park falls within my Tewkesbury constituency. Of course, racing is equally important to those who represent tracks such as those at Hereford and Worcester—and, Mr. Atkinson, the smaller tracks such as Hexham—as that is where horses start their racing careers. They do not start at Cheltenham, although those that are lucky may end up there.

A great process has to be gone through in order to reach the top. All race courses are important. Whatever happens, and whatever decisions are taken, I hope that we retain 59 race courses—and possibly one or two more.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab) *rose—*

Mr. Robertson: And Aintree, of course.

Mr. Howarth: Although I am fond of Cheltenham, even the hon. Gentleman would have to confess that Aintree in my constituency is probably the premier race course.

Mr. Robertson: I agree with a lot of things that the right hon. Gentleman says, but I cannot quite agree with that comment. However, I may return to the point later. It says something about me that I know Members more by the race course that they represent than by their constituency.

Racing is a fantastic sport, and it is the envy of the world. Much of it is right and going in the right direction. The quality of the racing at Cheltenham this weekend was tremendous. However, there are problems. To highlight those problems is not an attempt to run the sport down; it is a refusal to be complacent about the future of the sport, which is probably what motivated my hon. Friend to hold this debate. It certainly motivated me to speak today. My comments are meant not to be negative but to act as something of a wake-up call to the industry's problems.

One problem was mentioned by my hon. Friend. There are so many different parts to racing—the horses, the owners, the jockeys, the trainers, the stable staff, the race courses, the bookies and the bodies that control racing. In a sense, that is its weakness, because all those elements are indispensable. If one removed jockeys there would obviously be no racing, and if one removed trainers there would be no racing either. Each element is extremely important, yet the industry seems unable to come together and progress in the right direction.

There are a number of current disputes, one of which relates to the emergence of Turf TV. I do not say that Turf TV is a bad thing in itself, but the emergence of a second provider of pictures to betting shops is causing difficulties, and a dispute on that is the last thing that racing needs. I do not want duplication of costs, because it will have a knock-on effect. My hon. Friend the Member for East Devon was absolutely right to say that, technically and legally, the dispute is nothing to do with the levy, but in the real world money has to be considered, and the fact is that there is only one pot, so something will have to give. If only half of

race courses are featured in bookies in future, less money will be bet on racing in those shops, which means that less money will pass through the levy system. That brings us back to the same point: less money for race courses, and difficulties for them.

We need to look at things in the round. We cannot say that the levy is irrelevant, even if that is legally and technically correct. When bookmakers come to the Minister and tell him that they want to pay £35 million instead of £90 million, he will have to take everything into account. I hope that he will not reduce the levy payments, because that would have a negative effect on race courses, but the trend for the levy is downward.

I am emphatically not asking the Minister to scrap the levy; I am saying to racing that it should look beyond the levy, because the levy has had its day. We have to reach commercial agreements and find commercially realistic ways of funding racing.

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): Does the hon. Gentleman agree that, although a longer-term solution is needed, we first need a resolution of the current negotiations and of the position on the levy?

Mr. Robertson: The hon. Lady is right. The Minister will have to decide this year's levy, and I hope that he will do so shortly and without there being too much acrimony over the decision. I am not saying that the levy should be scrapped next year, or even the year after that. I am not saying anything at all to the Minister on that point. My comments are directed instead at the racing industry, because it must not be complacent and assume that the levy will remain for ever, or that it will always remain at its present level. As I have said, the recent trend has been downward, so industry representatives should not come to us saying, "The levy is not enough, long live the levy," because that argument will not be sustainable for too much longer.

I know that Lord Donoughue produced an important and impressive report whose interim conclusion was that there might be difficulties in finding commercial solutions and appropriate further arrangements. Nevertheless, those solutions must be found. I am not aware that football, cricket, tennis or any other sport in this country is financed by a tax, which is what the levy is. Nor am I aware that the Minister has power to intervene in football transfers or in Wimbledon prize money. That is not his role, and nor is it the role of any member of the Government. I want racing to change so that it grows in confidence and can create more income of its own, and there are ways in which it can do that.

One of the problems has been the European Union—that wonderful organisation that does British business so much good.

Philip Davies (Shipley) (Con): It is always a problem.

Mr. Robertson: Indeed. The EU stepped in and stopped the sale of pictures and data en bloc, but the same EU laws exist for other sports, so I do not think that racing can say, "There you are, Europe would not let us do it." We must look beyond that, and one possibility is singular selling, which replaces sale as a whole with individual sales.

We have all been at race courses in the rain and found ourselves unable to get a decent cup of tea or a decent meal in proper facilities. That is not true of all race courses. It is not true of Cheltenham, for instance, but it happens at an awful lot of other race courses, and they could gain much more income if they marketed themselves better and provided better facilities. I have heard the complaint that some young people will not go to a certain race course on a wet Monday afternoon. Why should they? They will go to race courses where there are proper facilities, and providing such facilities would give other race courses the opportunity to raise more money themselves.

Mr. Richard Benyon (Newbury) (Con): I agree with my hon. Friend. However, does he agree with me that it is now much more expensive for race courses to lay on a day's racing? They have all the pressures deriving from the regulatory burdens that apply to all industry, including the working time directive. They do not have the critical mass that other sports have, so the situation is tougher for them. In cases where a race course is failing to provide any sort of decent service to the public, I agree with my hon. Friend's comments, but the vast majority are trying their best and having a tough time of it.

Mr. Robertson: My hon. Friend makes a good point. We have all been at race courses where the racing has been held up because a second ambulance was not available. I am not saying that a second ambulance is unnecessary, but that is a small example of the health and safety difficulties. The extent of other regulations is a difficulty too, as are add-on costs. Nevertheless, some race courses could do more for themselves, and I think that they will have to.

While the levy has been in place there has always been an excuse not to look beyond it, and to avoid self-help. I agree that the levy should be continued for the foreseeable future, but the industry should try to generate more income for itself and possibly become less reliant on the bookmakers. The share of bookmakers' takings in betting offices is falling; I think that it is now about 50 per cent., but for greyhound racing it probably used to be 100 per cent. when betting shops were first licensed. The levy removes the incentive on bookmakers to promote racing, because they pay a levy on racing whereas they do not pay any levy on football bets. I say to the Minister that he should carry on with the levy but consider how racing can look beyond the levy and help itself. In 1998, I introduced a ten-minute Bill to try to deregulate race courses so that they could do more on non-race days, and that idea should be revisited, because race courses constitute a huge asset that is rarely used outside of racing days.

I turn to the situation on the Tote. I make no criticism of the current Minister, who was not in his job at the time of the recent legislation. His predecessor, the right hon. Member for Sheffield, Central (Mr. Caborn), has unfortunately left his seat, but I make no criticism of him either. When the Gambling Bill was being passed, an unusual aspect of it was that it did not include any stated purpose on the Tote. One purpose of the Bill was to transfer the Tote to a racing trust, and a shadow trust was set up which was chaired

[Mr. Laurence Robertson]

by Lord Lipsey, so the intention to transfer existed. Amazingly, however, that purpose was not stated in the Bill. Notwithstanding that, the Bill mentioned nationalisation, because the Government did not own the Tote so, before they could transfer it, they had to deal with the ownership position. However, the Bill did not deal with transfer to the trust. A number of us pointed out at the time that that was potentially difficult, and that has proved correct.

My hon. *Friend the Member for East Devon* is right that the figure for the transfer discussed at the time was £50 million. I argued that that was too much, because the Government did not own the Tote and no Government had put any money into it. The taxpayer was not owed anything, so I did not see why the Government should take any money out of the Tote—or rather, not out of the Tote but out of racing, as there was nowhere else for it to come from. We now find that the transfer figure is something like £400 million. If £50 million was unjust, £400 million is obscene. My speech is not party political, but the Government need to provide some answers on that.

At the time of the Bill's passage, our friends in Europe got involved yet again. The same old European Union said, "No, you cannot transfer it for that amount of money"—whatever figure applied at the time—"because that would be state aid." I really cannot see why that should be the case. How many civil servants did the Government employ? Did none of them see that coming when the 2005 Act was being drafted? I shall be kind and not blame the Government, but I think that Parliament has failed the Tote.

I believe also, however, that the increasing strength of the Treasury over the last 10 years has played its part in this. Yes, we can blame Europe—if there is an opportunity to blame Europe, I shall be there—but the man who was Chancellor for 10 years was so strong and powerful that he became Prime Minister, as we all know, and now £400 million is being quoted. No Government would willingly throw that away.

Mr. Don Foster: The hon. Gentleman keeps talking about the sums of money, but has not yet addressed—I hope that he will in a second—where that money will go. He will recall that although it is not mentioned in the Gambling Act 2005, the then Minister, the right hon. Member for Sheffield, Central (Mr. Caborn), gave a clear undertaking in Committee that a 50:50 split would enable 50 per cent. of the sale to go back into racing. Does he share the view that it would be very helpful if the Minister could confirm that on the record today?

Mr. Robertson: Yes, I hope that the Minister will confirm that. However, I am still concerned about the £400 million. Although the hon. Gentleman makes a very good point, my speech is more concerned with what will happen to the Tote. However, he is right and makes a very important point.

As I understand it, the consortium being put together is not coming up with the money that the Government—either because the Treasury needs it or because the European Union would object if it was any less—require. If that is the case, will the Minister give the Tote time for reflection? I am well aware that it has been years, since the then Home Secretary, now Secretary of State for Justice and Lord Chancellor, came to the Tote annual general meeting and pledged that it would be handed over to the Racing Trust. I am not asking the Minister to delay it for a few more years—far from it! However, if we have gone so long and so far down the road, can the Tote not be given perhaps just two or three months in which to reflect on the situation and perhaps consider other options? I say that for this reason: the Tote was set up in 1927 in order *to benefit racing. I fear that if it is put on sale on the* open market, it might cease to exist. That is unthinkable. Would the Cheltenham gold cup still exist? Would the Tote's financial contribution to racing still exist? That goes for many other things, too.

We have talked about the financing of racing and we recognise the pressures. The last thing that we need is for the amount that the Tote puts into racing to disappear simply because Parliament has botched the sale. If an agreement cannot be reached during the current negotiations, will the Minister please allow a period of reflection, so that we can look at what is going on, have discussions and decide on the way forward? Given that it has taken years to get to this point, I do not think that another three months or so is asking too much.

The hon. Member for Livingston (Mr. Devine) talked at length about the pitch dispute. I do not want to get into that too much, other than to say that racing does not need yet another dispute, and I hope that it can be resolved. However, I must say that it cannot be a case of dead man's shoes—we must move on from that. I have every sympathy for the bookmakers who felt that they had bought the right to a pitch, but legally I do not think that they had. We must move forward commercially. I hope, however, that that can be done sensitively and with some recognition that people felt that they had bought a right to a living. However, the jobs for life, the dead man's shoes and the seniority that existed in the past are from a bygone age, and we must move on.

I thank you for your time, Mr. Atkinson. I apologise for having gone on for perhaps a little too long, but I think that there are some very important points to be discussed. However, I shall finish by echoing the words of my hon. Friend the Member for East Devon: racing is a fantastic sport and an absolutely wonderful spectacle. And long may it continue to be so.

10.14 am

Ms Celia Barlow (Hove) (Lab): I congratulate the hon. Member for East Devon (Mr. Swire) on securing this very important debate. I agree with him that Turf TV has immense implications throughout the industry. I would like to return, however, to the matter mentioned by my hon. Friend the Member for Livingston (Mr. Devine) although his exposition of the problems of pitch bookmakers was so full that there is very little that I can add. However, I feel that I must add my weight to his cause, particularly in the interests of constituents of mine such as the Morrill family and Adrian Pariser.

Surely the current situation that many in the trackside betting industry find themselves in was never intended when the Gambling Act 2005 was first

proposed, and it is important to look at the specific matter of trackside list positions and their future allocation. Obviously, the gambling industry as a whole has undergone immense change over the past few years. I disagree with the hon. Member for Tewkesbury (Mr. Robertson) because I think that it is completely different from the inherited system that has damaged the livelihoods of constituents of mine and of the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) who has done so much to highlight the problems in recent years.

Throughout the many changes, however, the horse racing industry has shown a willingness to reform. Outmoded practices, such as the notion of an inherited seniority being handed down from parent to child have now given way to the trading of assets in a free and open market. The opening of trade in pick-list positions has led to much-needed fresh blood and new investment in the racing industry, but that fresh blood itself is feeling let down and abandoned by the industry, because those people are now being told that the pick positions, in which they invested so much money, are no longer theirs. Most in the industry would agree that changes made in recent years to modernise it have been of immense benefit to all parties concerned, until now perhaps.

The RCA will continue to argue, of course, that because it owns the physical asset, it is up to it to determine, by whatever means it sees fit, who trades there. However, we must say also that the pick position is merely the order in which a bookmaker can choose their position of trade on the race course, and not an actual physical pitch position. That distinction is obviously important to the RCA, but I suggest that the argument is deliberately two-dimensional in its thinking. An asset does not need to be physical. For example, a CD manufacturer does not own the music that it presses on to plastic. Already, we have agreed on, and spent many hours debating in this place, the concept of intellectual property. I argue also that there is such a thing as moral property, which is what the bookmaker owns.

The RCA clearly recognises the accrued value of a bookmaker's position on a pick-list, otherwise why would it be attempting to wrestle the control of the pick-list away from the bookmakers? Although it has always been acknowledged, ever since the 2001 gambling review report, that negotiations would take place on admissions charges for bookmakers to race courses, as my hon. Friend the Member for Livingston has mentioned, the tenure of list positions was never in question until March this year, despite numerous—88—meetings on the subject. It has always been understood by the buyer, seller and administrator that list positions were to be held in perpetuity.

The decision of the RCA to lay claim to the commercial benefits to be gained by the auction of valuable pitch positions has, as we have heard, stunned the National Joint Pitch Council, which set it up in the first place. It is quite disingenuous for the RCA to argue back in 2001, and then in 2003, that the Government advocated a change in the arrangement for pitch allocations and a move to commercial arrangements. It is a short-term smash and grab. I believe that the Government had no such intention, and that that is an interpretation of the 2005 Act, which serves only to increase the commercial gain of the RCA, at the expense of the very people and businesses without which there would be no trackside betting industry—in other words, the very people and business that, together with the trainers and jockeys, give the entire industry its flavour and value.

Indeed, the Government's recommendations went only as far as a change to the five-time rule. That refers to the rent of the pitch, not to the asset itself—the moral property. There is no reason why commercial arrangements by the RCA about the rent cannot take place while recognising the bookmakers' list positions, as it has always done. The RCA, again disingenuously, is attempting to use the umbrella term "commercial arrangements" to refer to both the rent and the assets, when, in fact, they are, always have been, and should remain entirely distinct and separate.

We are talking essentially about the livelihoods of hundreds of people in our gaming sector, but particularly about the family bookmakers, as we heard during the Select Committee on Culture, Media and Sport sittings, which many Members present attended. The family bookmakers have spent generations in the industry, and my constituents who trade under the name, Taffy, have been hit by a triple whammy: first, over the father-child rule, secondly over pitch allocations and sales, about which I cannot go into detail because of actions taken by the right hon. Member for Chingford and Woodford Green, and finally, over losing the last thing that they possess—their pitch position. The family have been hit three times within one generation, but the measure will affect small rather than large bookmakers. Large bookmakers will also be damaged, but they have large assets, and we are discussing small, family firms.

Trackside bookmakers are asking for nothing more than clarity about the assets that they have accrued either through generations of hard work or by commercial acquisition. Let us not forget that some bookmakers in the south-east have spent more than £1 million buying something that they believed they would hold in perpetuity. We want those assets to continue to be recognised as the industry standard, as all concerned have always understood them to be—that is until suddenly last March when the bombshell was dropped on the bookmakers.

For the RCA to use the period of transition between the passing of the Gambling Act 2005 and its implementation as a means to wrest control of the assets of hundreds of trackside bookmakers is a blatant misinterpretation of the Act as it was intended. We have it in our power to set out in clear guidelines for both the RCA and the bookmakers precisely which areas are open to reform under the new legislation, and which areas are not. We, as legislators, have a responsibility to take any misinterpretation of legislation on board and clarify it, not leave it entirely up to the industry. Until the guidance is made clear, the trackside betting industry will remain at an effective standstill. Until we clearly define the parameters of the 2005 Act, many in the industry will not know whether their most important commercial asset, which involves the future of their children and their business, is to be rendered entirely worthless. The situation is entirely unacceptable.

Philip Davies: I agree wholeheartedly with the hon. Lady. As somebody who sits on the Culture, Media and Sport Committee, I recognise the position that she outlines, but if the RCA decides to press on and the Government will not intervene, does she at least agree that the bookmakers concerned should be compensated for the loss of their assets? If she agrees, does she think that the compensation should come from the race courses or from the Government?

Ms Barlow: I agree that should the RCA continue in that way—and I sincerely hope that it will not because it is not a moral route—it should compensate the bookmakers to an amount equivalent not to their current value, but to their value before the bombshell was dropped on them.

Mr. Laurence Robertson: I am mindful of what my hon. Friend the Member for Shipley (Philip Davies) says, but the money for the pitches never went to the race courses in the first place; it went up and down families, or they bought from friends or associates. The National Joint Pitch Council is more responsible than the race courses, is it not?

Ms Barlow: I am going into the details not about responsibility, but about what the RCA plans to do. We must look to the future rather than to the past. However, the RCA is taking the assets. Whatever the responsibility in the past, the RCA will benefit; it is taking a commercial property away from families who have owned it for generations. Therefore, the RCA is entirely responsible. We should all do everything in our power to ensure that the commercial trading of pick-list positions remains where it has always been—not taken in a short-term smash-and-grab raid. It should stay in the hands of the bookmakers themselves.

Mr. Ben Wallace (Lancaster and Wyre) (Con) *rose—*

Sandra Osborne *rose—*

Mr. Peter Atkinson (in the Chair): Order. Two Members wish to catch my eye, and I propose to call the winding-up speeches at half-past 10. Will they bear that in mind?

10.25 am

Mr. Ben Wallace (Lancaster and Wyre) (Con): Thank you, Mr. Atkinson, I shall therefore be brief. I shall reflect on the state of the Tote, but first perhaps I should declare an interest. My wife was a working member of the Tote at its headquarters in Wigan, so I had a peculiar insight into the process.

It is time that the Government brought forward their plans for the Tote, because they opened up the process. My colleagues on the Culture, Media and Sport Committee and I have, over the past two years, consistently asked for an update, but we have consistently received the reply, "It's all right, it's just about to happen. Don't you worry," mainly from the Minister's predecessor, the right hon. Member for Sheffield, Central (Mr. Caborn)—almost like a bad joke during an after-dinner speech. The replies have continued, but nothing else has.

I remember that way back there was support for the sale of the Tote because of the Government's assurance that it would be given to racing. However, while we are in a position of paralysis, it is important to consider the advice in 1996 given by the Home Office, when it was under my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard), when it reflected on the problems that any change in the Tote's status would produce. The first point was that the Tote was not large enough for public flotation, and it would be exposed to competitors that would pull it apart. We know that that is still a real fear. Sale by competitive tender, the advice continued, could not be ruled out, but would raise difficulties because of the need to guarantee that the Tote continued to support racing to the extent it had hitherto, which is exactly the case today.

Finally, the advice stated that the option of vesting in a racing body would require examination of whether the grant of an exclusive licence to operate pool betting on horse racing would be appropriate, and that such a licence would have to ensure that the Tote's profits were applied in the best interests of racing and with the minimum disruption to the Tote and race courses. However, that raised difficult competition issues. If we had only listened 11 years ago to that advice, we would not be in this position.

Anyone who has ever gone to the European Commission or to many other European Union organisations will have had a working relationship with the directorate-general for competition. In my previous job, I had to have a working relationship with that directorate-general, with the Commission and with UKRep—the United Kingdom Permanent Representation to the European Union—which is of course there to battle for Whitehall's interest in such cases.

Mr. Duncan Smith: Oh, yes.

Mr. Wallace: Exactly.

It is clear that the team from the Department for Culture, Media and Sport, which the Government put to task in UKRep, was wholly inadequate. The Treasury team has competition expertise; the DCMS team in UKRep was worse than amateur. That is the situation today. Even my wife, who is much brighter and more qualified than me, pointed that out to a board director and to the former Minister, but she was told, "Don't worry your pretty little head." I can remember that, and I am sure that the ex-Minister is now worrying his pretty little head.

We must analyse the utter incompetence that has delivered such uncertainty to the marketplace. What will happen to all those workers in Wigan, to the future contributions of the Tote and to that excellent body itself? As a Conservative, I believe that if it ain't broke, don't fix it, but we are in a wholly self-created mess with the Tote, and we should not forget the relevant manifesto commitment.

Where do we go now? Looking back at the options that have been on the table, I believe that Viscount Astor's proposals in 1999, or slightly later, could certainly give us one way out by mimicking a national lottery-style licensing of the operation. We must consider whether to take up that idea or retain the status quo. However, it is time for the Government to produce answers on the Tote.

10.29 am

Mr. Don Foster (Bath) (LD): I congratulate the hon. Member for East Devon (Mr. Swire) on securing the debate, and all right hon. and hon. Members who have contributed to what has been a stimulating discussion. I also join many of those who paid tribute to Tristram Ricketts. He will be sadly missed by racing. Were he with us today, he would remind us how important racing is to the economy, that almost 20,000 people are employed directly by it and that if we take all the satellite industries, including betting, into account, the figure rises to almost 100,000 people. He would also, no doubt, remind us of the study by Deloitte last year, which demonstrated that its contribution to the economy overall is nearly £3 billion, and of the nearly £300 million that is paid annually in taxation into the Treasury's coffers. More importantly, he would point out how popular racing is with the people of this country. It is the second most popular sport to football, with some 6 million people attending race courses last year alone. Of course, he would remind us that we are the envy of the world because we undoubtedly have the best racing. Eight of the 12 top races are held in this country and even today the nation stops for some of those races—for example, the grand national.

Racing is critical. However, we are talking about the future and, in that respect, it is important to recognise that we have a new regulatory body. I am delighted by the work that has been done in such a short time by the British Horseracing Authority, which is working on some innovative ideas for the timetabling of racing that will be of enormous benefit to the betting industry: if there are more races, there is more opportunity for it to make profits. That should be borne in mind in some of our future debates.

The BHA has also been building on work that has been done, including work to improve the security and integrity of the sport. We should not forget the huge costs borne by the racing industry in terms of guaranteeing the integrity of racing. Some £24 million a year is spent in that particular endeavour. However, many other activities are engaged in, including—importantly, but so far not referred to—education and training and the welfare of jockeys, as the hon. Member for Hove (Ms Barlow) mentioned.

We have to bear in mind that racing has huge costs, and it is important to take that into account when considering issues such as the levy or the future of the Tote. If we want a bright future for a sport that is already successful, we have to ensure that it has the resources coming into it to enable it to develop and grow and to deal with issues including securing the integrity of the sport and increasing prize money, as well as other things that hon. Members mentioned. That is why I am disappointed that the proposal to roll the levy forward for another 12 months—to give another opportunity for debate about streamlining and modernisation to take place—has not been possible and that the bookmakers have forced it to determination.

We are now in a situation whereby the Secretary of State, for the first time since the 41st scheme back in 2002-03, has to decide how to proceed. I urge him and the Minister to make that determination as quickly as possible. The current scheme runs out on 31 March 2008. Everybody knows that in planning the future of a significant business, time is needed to get the financial planning right. An early determination, enabling us to know what sum is coming in through the levy, is crucial. It is critical that we get a quick determination by the Secretary of State.

Pete Wishart (Perth and North Perthshire) (SNP): Does the hon. Gentleman agree that a reduction in the levy would hit Scotland disproportionately hard? Most of the horses are trained in the south of England, which involves transport costs to Scotland, particularly to the race course in Perth in my constituency which is the most northerly in the UK. If there is a reduction levy, there will be a reduction in prize money, which might be a massive disincentive for horse trainers and owners to come to race courses like the one in Perth.

Mr. Foster: The hon. Gentleman makes a valuable point that I was not aware of. I am grateful to him for drawing it to my attention. No doubt, had he had more time, he would have said how wonderful the race courses in his constituency are, as other right hon. and hon. Members have done. I put on the record how wonderful Bath race course is, lest that be forgotten.

The hon. Gentleman is right. That is why my second plea to the Minister, in respect of his advising the Secretary of State on the determination, is that something is done to ensure that we have a fair settlement. The Minister will be well aware that a determination under the 41st scheme suggested a figure of somewhere between £90 million and £110 million coming in. If that were rolled forward in respect of inflation alone, it would be brought up to some £130 million, which is what is needed.

I hope that the Minister will not listen to the siren voices talking about the woes befalling the betting industry because of the row between Satellite Information Services and Turf TV. As the hon. Member for East Devon so rightly said, that is a separate commercial argument that must be sorted out on that basis and should not, in any way, influence the Secretary of State's decision. Like many others, I am enormously worried that the legal battles going on between those two companies could end up costing some £5 million, which will be taken away from racing. That is to be regretted.

In making the determination, I hope that the Minister will look carefully at betting exchanges—a new phenomenon—which are not making a fair contribution to racing because of how they are taxed under the current regime. The most important thing of all is time. A quick determination is critical.

The money issue also raises the problem with the Tote. A quick determination on that is equally important. I hear what the hon. Member for Tewkesbury (Mr. Robertson) says about the need for a bit more time—he suggests three months—but if there is very much more time, there is unlikely to be a Tote worth selling, because a large number of people are now leaving it, it is having difficulty recruiting new people and some of its senior staff are leaving. It is critical that there is a relatively quick outcome. I accept his point about getting the deal right, but it must be done fairly quickly.

Mr. Laurence Robertson: The matter needs deciding pretty quickly. My point is that if the Tote is sold on the open market, the jobs that hon. Members have mentioned, including some 500 jobs in Wigan, could all go. All I am saying is that we need a three-month period just for reflection.

Mr. Foster: If the Tote goes to the open market and one of the major firms buys it, the hon. Gentleman is right: there could be a huge loss of jobs, particularly in the north. I hope that a deal can be found under which it is sold as was originally intended—he and I served on the Committee dealing with the Horserace Betting and Olympic Lottery Bill—and goes to a racing consortium so that it is kept within racing. That is what we were promised and what we understood we were signing up to. As I mentioned in an intervention, if it is at all possible I want the Minister to give a commitment that at least 50 per cent. of money from the sale of the Tote will go into racing.

On the list pitches, I agree with the contributions of the hon. Members for Livingston (Mr. Devine) and for Hove. Everybody to whom I have talked is convinced that that was a separate issue, with the rent on one hand and the asset on the other. There was no understanding that the asset was being given up or that the five times rule was going, with people saying, "Yes, that was understood. It's time to prepare for it." There was no understanding that the asset was going. I welcome the Minister's trying to knock heads together to find a solution. I know that the Culture, Media and Sport Committee is also considering this issue. I hope that he can give us some information as to what progress is being made. It is critical that we get a solution to that dilemma as well.

Racing is critically important to this country. It is loved by millions and it has a bright future. However, a number of vital issues have to be resolved. The Minister has got a big job on his plate, because a lot of the decisions fall to him. I wish him the best of luck, but I hope that he will take racing's interests into serious consideration in making his determination.

10.39 am

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to follow the hon. Member for Bath (Mr. Foster), who, as always, spoke with expertise on the matter. I congratulate my hon. Friend the Member for East Devon (Mr. Swire) on securing this timely debate, which has been interesting and stimulating. I join him in paying tribute to Sir Tristram Ricketts, who played such an active role over four decades in the very subject that we are talking about.

My hon. Friend summed up with clarity the challenges facing the industry. I am grateful for the deluge of material that many of the organisations and parties whose representatives are sitting at the back of the room have sent my way in the past few days. Of course, it is not I who is in a position to resolve the issues but the Government, who have not gained a reputation for decisive action. I am reminded of Shakespeare's famous horse quotation from "Richard III", of which everyone will be aware. At the battle of Bosworth, Richard III wants to continue the battle and is willing to trade his kingdom for a horse. In contrast, today we have a Minister who wants to avoid the battle completely and runs away from anything to do with horses. The consequences of that have allowed the British horse racing industry to enter a protracted period of confusion. I am, of course, being entirely disingenuous to the current Minister, who has worked hard to get on top of his brief and been approachable and friendly, but it is his watch now and he needs to make amends for the errors of his predecessors.

The Tote has been with us in one form or another since 1928, when it was the Horserace Totaliser Board, to give it its full name. It operates as a bookmaker and offers pool betting on horses. It has been the Government's intention to sell the Tote for some time; we first got a inkling that it might happen way back in May 1999. It was an election pledge in June 2001 and in May 2005, and I am sure that it would have been an election pledge in November 2007 had we had an election. I wonder what the odds are against its appearing again in a manifesto in June 2009 or whenever the election is.

There have been more than seven years of briefing versus counter-briefing, bids agreed then scuppered, prices confirmed then rebuffed, and Government announcements and then retractions. As we have heard, the Opposition fully support the sale of the Tote, but in a timely fashion, as reiterated by my hon. Friend the Member for Lancaster and Wyre (Mr. Wallace). I asked the Minister in a parliamentary question only two months ago whether the Tote would be sold in the next three months. His reply was that the Government were in advanced stages of discussions. Two months on, will he update us? What are those advanced stages, what value is the Tote now set at, who is leading the consortium to buy it and how much of the money will go back into racing? I understand that Lord Davies of Oldham said in the other place in July that the cost of trying to sort out the sale of the Tote had already climbed to £2 million. Will the Minister confirm exactly what the cost to the taxpayer is? I am sure that it is in our interests to find out.

The horse racing levy is the agreed annual amount paid by bookmakers to race courses, and it goes towards such things as prize money, the grass roots of the sport, veterinary skills and so forth. It is valued between £85 million and £90 million. As was stated in Lord Donoughue's study for the Department for Culture, Media and Sport, which has been referred to several times, all sides agree that the levy should eventually be phased out and replaced with a commercial alternative. Unfortunately, by the deadline of 31 October, racing and the bookmakers had failed to reach an agreement on the 2008-09 levy, meaning that determination now falls to the Secretary of State.

The sticking point, as we have heard, is commercial television rights. Traditionally, horse race footage has been beamed into betting shops by SIS, which is predominantly owned by a number of the large bookmakers, including William Hill and Ladbrokes. Turf TV, a new race course broadcaster, has been established and signed up to by about half the race courses. That means that bookmakers must now have two contracts, with SIS and with Turf TV, if they are to show the full complement of racing on offer in the UK.

The two sides of the argument have been well rehearsed: one either supports the levy and says that it should be reduced to compensate for the funds earned

by Turf TV, or says that it should remain and that broadcasting rights are separate from any discussions about the levy itself. Sadly, Lord Donoughue could not find a solution, but it was established that all parties agreed to the long-term aim of abolishing the levy and replacing it with a commercial alternative. I was pleased to hear from the British Horseracing Authority in meetings yesterday that it agreed to a wider modernisation review of the levy.

My hon. Friend the Member for Tewkesbury (Mr. Robertson) reiterated the points about the duplication of costs. Does the Minister agree that, with a long-term commercial solution required, running two broadcasting systems needs to be reviewed if funding to support the racing industry is to be maximised while bookmakers are offered an attractive deal? Alternatively, does he believe that horse racing can receive the critical financial support that it needs with the broadcasting monopoly broken up? I look forward to his response, as I understand that he is already starting talks with an independent organisation to mediate between the groups. What are his views on the short-term requirement to sort out the levy for this year and the long-term challenge of resolving and removing it?

The final act in the Government's three-ring circus of equine confusion, if I may call it that, is the issue of bookmakers' course pitches at race meetings. For many years, bookmakers had assumed that their pitches on race courses were theirs to use or sell on. Their value hinged on the so-called list system, reflecting the greater choice of pitches for people higher up the list. Location is critical, as it is linked directly to the amount of revenue that a bookmaker might receive. Charges to bookmakers were limited to five times the entry fee of the course, which changed in 2003 following a position paper from the Department. The change modernised the charges but there was no agreement on changes to list positions, which had been traded for some value for many years. Along came the Gambling Act 2005, which removed the responsibility for track betting licences from the Horserace Betting Levy Board and gave it to local authorities, with no longer any mention of list positions. That was the fundamental flaw in the 2005 Act.

The Racecourse Association was quick to announce that, by 2012, bookmakers' list positions would no longer be recognised. There seems to be no official documentation showing that pitch ownership was ever to be in perpetuity, but conversely I understand that there is also no official documentation showing that it was not. That is a complete legislative nightmare. How on earth did we get there? It certainly seems that the sport of kings is being managed by a Ministry of court jesters.

What action is the Minister taking, and what time scale is he adopting? What parties and intermediaries are being involved? Does he believe, for example, that race courses should take a small percentage of bookmakers' profits provided that there is a fairer charge, linked to earnings, so relinquishing the need to interfere with the list? Will he be using section 151(2) of the 2005 Act, which allows the Secretary of State directly to influence the form and contents of premises licences?

We have heard a number of eloquent speeches, and everyone has joined in supporting the industry. We can rightly be proud of horse racing in the UK, and certainly of its role in the economy. It is a multi-billion pound industry with more than 9,000 races a year, including eight of the top, world-class races. However, that position is not guaranteed. We need better co-operation within the industry and stronger leadership from the Government. I hope that the Minister will not duck his responsibility to help to resolve the concerns that we have debated, which affect the horse racing industry.

10.48 am

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): It is a pleasure to serve under your chairmanship, Mr. Atkinson. We were formerly two Whips together and worked closely in the dark arts of the Whips Office.

I welcome this important debate, secured by the hon. Member for East Devon (Mr. Swire). I add my support to his views on Sir Tristram Ricketts. Today is a sad day, as racing has lost somebody who had such a sharp mind. I met him on only a couple of occasions, but he had a great love for racing and wanted to ensure that it succeeded. He will be sadly missed and I pass on my condolences to his family.

The debate and the spirit in which hon. Members have contributed to it have been important. I was particularly pleased by the contributions by my hon. Friends the Members for Livingston (Mr. Devine) and for Hove (Ms Barlow), and by the hon. Members for Tewkesbury (Mr. Robertson) and for Lancaster and Wyre (Mr. Wallace). We need to consider how we can move forward together. We heard some thoughtful comments about the impact on racing and its future.

Like the hon. Member for Bath (Mr. Foster), we should start by celebrating horse racing and its impact on the economy. Horse racing is healthy and buoyant, and is second only to football in British sport in terms of attendance at fixtures and revenue earned. Total race course attendance in 2006 was just under 6 million, the total having been on a significant upward trend since 2000, when 5.1 million people went racing. The current figures are the highest since the 1960s. The appeal of racing is universal: it appeals to people of all ages, backgrounds and socio-economic groups.

Not only do more people attend racing; many more people watch it on TV. The average TV audience for racing is 1.3 million for BBC 1 and 774,000 for BBC 2. Some 9.5 million people watched the grand national, and the 2007 Derby attracted 3 million viewers. In 2006, 197 meetings were broadcast terrestrially—151 on Channel 4 and 46 on the BBC. Channel 4 has the successful "The Morning Line" programme that attracts an average audience of 658,000 to racing, and has an hour-long programme dedicated to racing. At The Races is available in more than 9 million homes, and Racing UK, which is owned by 31 leading British race courses, has around 50,000 subscribers.

The economic facts speak for themselves. The racing and racehorse breeding industries are together directly responsibly for 18,800 full-time equivalent jobs. As the hon. Gentleman said, a report by Deloitte in 2006 found that racing employs more people than any other sport in Britain. Taking into account the secondary

[Mr. Gerry Sutcliffe]

employment in the betting industry that he mentioned—it is impossible to imagine racing thriving without on-course bookmaking—the figure rises to 88,000.

Racing on Britain's 59 racecourses—with a 60th soon to open in Essex—generates some £300 million in tax revenues for the Government each year, and has an overall economic impact of £2.86 billion. Total prize money reached a record of £104.1 million in 2006, compared with £71.7 million in 2000. There are about 9,500 active racehorse owners, and 50,000 people are involved in racehorse ownership through various types of co-ownership. About 14,500 horses are in training, and 1,415 fixtures have been programmed in the current year, with over 9,000 races.

As for betting, £10 billion is bet off-course on horse racing every year, most of it in the 8,500 licensed betting offices in Britain, with a further £120 million bet on-course through the Tote. Bookmakers' profits on British racing alone are more than £1 billion a year, and the levy board received some £98 million from off-course bookmakers and the Tote in 2006-07. Those figures show not only that racing is a deeply engrained pastime and part of our national sporting life, but that it makes a strong and growing contribution to the economy of the country, including in some of the more deprived areas that we have heard about.

I know that the welfare of racehorses has been of concern to many people over the years. The Animal Welfare Act 2006 came into force earlier this year, and we believe that it is a significant step forward, as there is now a positive duty on owners and keepers of animals to promote welfare. I was sad to see that two horses were killed at Cheltenham at the weekend, and I send my condolences to all those involved.

We have the 2006 Act in place, and we have a particular position on racing. It is not the case, as the hon. Member for Bournemouth, East (Mr. Ellwood) said, that the Government want to abdicate their responsibilities. I do not think that I have avoided any battles; in fact, I got involved in a few battles very quickly in my role as the Sports Minister.

On the specific issues, the chairman of the Horserace Betting Levy Board has, to our regret, again asked my right hon. Friend the Secretary of State to determine the level of the annual horse race betting levy.

Sandra Osborne: I thank my hon. Friend for giving way and for meeting me during the summer recess, when he expressed a hope, and perhaps even an expectation, that the industry would be able to manage its own affairs. Sadly, that has not proved to be the case. He knows that although the Ayr racecourse has thrived in recent years, the investment would definitely be put at risk if the levy were reduced in any way. Does he agree with the levy board chairman, Mr. Hughes, who said:

"I don't think you can mix statutory payments with commercial elements, particularly where they may be seen to involve inducements"?

Does he agree that any matters relating to Turf TV are separate from the negotiations on the levy?

Mr. Sutcliffe: I understand and share many of my hon. Friend's concerns. Let me set out the Government's position. We do not want to pre-judge what the determination will be, but we hope to announce it early in the new year to meet the requests of hon. Members. The levy has only just gone to determination, and we have not yet appointed consultants to assist the Secretary of State in his deliberations. However, my predecessor and my officials have followed the levy board's discussions closely and we are fully aware of the importance of having fair and timely outcomes for the racing industry.

I confirm that, in line with the recommendations of the future funding of racing review group, which my noble Friend Lord Donoughue chaired in 2005, we still plan to review the workings of the levy scheme to see whether there is any way in which the machinery can be streamlined and simplified. I hope that the levy board will share the burden of that work with my Department. Obviously, that review can happen only when the 47th levy is determined. As my predecessor, my right hon. Friend the Member for Sheffield, Central (Mr. Caborn), told the House late last year, we have no plans to abolish the levy until a viable commercial alternative emerges.

Mr. Anthony Wright (Great Yarmouth) (Lab): I share the opinions of many hon. Members in the Chamber today about the importance of the levy to race courses such as mine in Great Yarmouth. The betting industry provides up to £130 million of investment through the levy and other things, and there is sponsorship on top of that. Has there been any indication from the industry that it wants to reduce that amount, or is it prepared to keep the money as it is?

Mr. Sutcliffe: Again, that will be determined during the discussions on the determination. I do not want to get drawn into those arguments today. We will make the determination, we will consider everything that has been put to us, and we will try to work in the best interests of racing.

The determination will take place and we will look at the future of the levy system, as we have outlined. I agree with the hon. Member for Tewkesbury that it is important that racing looks to its future as well. Clearly, there are many sides that contribute to racing, and we have to ensure that they look to the future, too. I want the Government to remove themselves from the detail, although we will carry out our responsibilities.

Time is against us, so I want to concentrate on some of the major issues. On the sale of the Tote, I accept that there have been difficulties, including those in relation to the 500 jobs in Wigan. We must ensure that we do this properly. We have been chided about the role of Europe, but Europe played a big part in preventing the sale from taking place. We want to sell to racing, but we are considering the offer that has been made, and we need to make a quick decision. We must ensure that we go through the due process and look at the detail of all the bids. I can give the assurance that the hon. Member for Bath was looking for regarding what will happen if we do not sell the Tote to racing and it goes on the open market. The agreement was that 50 per cent. would go to the horse racing industry, and I am happy to put that on the record.

Mr. John Grogan (Selby) (Lab): If it is not possible to sell the Tote to racing—it is almost certain that any sale will be challenged in the European Court—does not the hon. Member for Lancaster and Wyre (Mr. Wallace) have a point when he says if it ain't broke, don't fix it? Will the Government consider leaving it exactly as it is or having a licensing system like the lottery? There was no manifesto commitment to sell the Tote on the open market.

Mr. Sutcliffe: That is an important point. First, let us make the determination. We need to do that quickly for the reasons that have been outlined. Again, I agree with the hon. Member for Tewkesbury: we ought to look at the options that are available to us if that is not successful. I am happy to give the commitment that we will do that.

The Select Committee is looking into pitch tenure. I want to resolve the matter. We have set up a working group with an independent chair. We want to ensure that all sides of the argument, including the race courses and bookmakers, benefit from such a group. It is important to do that rather than going to law. People in racing tend to go to law very quickly, whether it be Turf TV or because of pitch tenure, which incurs huge cost. However, that money could go into racing, and we want to ensure that it is spent wisely for the future of racing.

Hon. Members raised a number of points that I cannot respond to in the time left. However, I will put in writing to those who have attended the debate the details on the questions that were asked. I urge that there are more debates on horse racing, that we look with interest at the work of the all-party group on horse racing and that we try to meet the challenges together. I accept that politics sometimes comes into play, but I hope that that will not prevent us from working together for racing's benefit.

Welsh Ports (Customs/Security)

11 am

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): I am grateful for the opportunity to open this debate on customs and security at Welsh ports. I am not sure whether the Minister will regard it as a respite or yet another irritation amid the maelstrom of bad news that has descended on her Department in the past 24 hours, but I hope that it will be a useful opportunity to engage with her on an important and pressing matter. I am grateful that she is here and that she has agreed to wind up the debate by about 25 minutes past 11 to enable me to get to the Chamber, where I have the first question on today's Order Paper.

I shall try to save some time to allow the hon. Member for Ynys Môn (Albert Owen) to say a few words about the situation in north Wales. Like me, he is a strong friend of his local ports and enjoys good working relationships with the port management. He, too, would like to raise some concerns this morning.

This is a timely debate, given the wider discussion on national security and the integrity of our borders in the context of the challenges posed by terrorism, organised crime and illegal immigration. There is a specifically Welsh dimension to the problem as the ports of Wales together form an important entry point into the UK. Perhaps they do not have the same significance as the ports of south-east England in terms of overall passenger numbers and freight volumes, but if ports such as Dover, Folkestone, Felixstowe and Harwich and the airports at Heathrow, Gatwick and Stansted are the front door to the UK, the ports of Wales are the back door. They need securing and protecting as well, and that is what this debate is about.

My county of Pembrokeshire in west Wales is home to two major ferry routes to Ireland from Fishguard and Pembroke Dock, both of which carry thousands of passenger and commercial vehicles each week. The port of Milford Haven in my constituency is also one of the UK's major energy ports. It has two large oil refineries and one of Europe's largest fuel storage depots, and next year two large liquefied natural gas import terminals will come on stream. Further afield in Wales, the ports of Holyhead in north Wales and Swansea in the south, with their major links to Ireland, are also very important. The ferry ports of Wales together account for around 15 per cent. of the entire volume of ferry traffic arriving in the UK every year.

If terrorism, trafficking in narcotics and persons, and illegal immigration form the strategic context for this debate, the deep and severe cuts in customs cover that have taken place at Welsh ports in recent years form the operational context, and the move to an intelligence-led, risk-based system of deployment is the policy backdrop. Overarching all that is a question of resources that simply cannot be ignored.

Since 2003, the number of front-line uniformed customs officers in south Wales has been reduced by nearly 75 per cent. That strategy, which was embodied in the law enforcement business plan, included the complete withdrawal of permanent customs cover from the ports of Swansea, Newport and Pembroke in 2003. Those customs officers were responsible for the major docks, ferry ports and airfields across the region.

[Mr. Stephen Crabb]

I understand that an operational team covering north Wales, which was based in Chester, was also removed. Its role was to be taken over by two small teams based in Cardiff and Holyhead, which were to be supplemented by mobile teams that could be deployed anywhere in Wales or the wider customs region on an intelligence-led basis. In reality, the brigade teams have relentlessly focused on the midlands and the south-east at the expense of Wales.

Mark Williams (Ceredigion) (LD): Does the hon. Gentleman agree that public perception is very important, and that the notion of a roving team of Customs and Excise officials based in the midlands that comes periodically—very periodically—to Wales is no substitute for permanent staff in inspiring confidence in the Customs and Excise service?

Mr. Crabb: The hon. Gentleman raises an important point about perceptions and the need for people in Wales to feel that they are being adequately covered, but the matter is even more important than that. It is about operational effectiveness, and I want to get to the heart of that in the next few minutes.

I have been told that no checks whatsoever are now carried out on commercial traffic through Pembroke Dock, which is a major Welsh port and a main route for Irish and European traffic wishing to avoid the long journey through France. The chances of non-commercial traffic being stopped have become exceptionally slight. Overall, there has been a 50 per cent. reduction in permanent customs cover for Wales. The withdrawal also means that there is now practically no permanent front-line uniformed coverage from Cardiff to Holyhead—some 500 miles of coastline.

It is not scaremongering or an exaggeration to say that that approach to detection and enforcement at ports of entry is creating a situation whereby Welsh ports risk becoming a soft touch for those who would seek to use them for the illegal movement of freight and persons. In his report last year on the review of counter-terrorism legislation, Lord Carlile said that

"in my view their intelligence-led 'brigading' system of deployment leaves some potentially vulnerable ports of entry without Customs officers at times. Probably they simply do not have enough officers to provide the sort of cover that could be regarded as best practice."

He also warned that customs officers are so thin on the ground that they are "no discouragement to terrorists".

Albert Owen (Ynys Môn) (Lab): I am grateful to the hon. Gentleman for giving way on that important point. Lord Carlile visited the port of Holyhead in my constituency and spoke to the port authority there. He was happy with the overall security measures, because although there has been a reduction in the number of customs officers on the front line—most of them went when the area became a common travel area—the numbers of police officers and port security officers employed by the port authority have gone up. When Lord Carlile went to Holyhead, he assessed the whole security issue and not just Customs and Excise.

Mr. Crabb: That is an important intervention. The hon. Gentleman is absolutely right that we should not see customs cover as ultimately separate from the wider security arrangements. If Lord Carlisle made that judgment about Holyhead, I am very pleased, but the police and customs officers to whom I spoke said that there was significant concern about ports across Wales generally and the weakness of customs cover at them.

What are the practical consequences of this state of affairs? First, at the same time that customs cover has been eroded, there has been a fall in the overall volume of drugs seized by customs. There is no evidence to suggest that the decline in seizures is because of a decline in the overall trade. The success of the Serious Organised Crime Agency last May in preventing what would have been the largest ever shipment of cocaine across the Atlantic into Wales via the Pembrokeshire coast is a stark warning of the scale of the threat that still exists.

The failure of the current strategy is borne out by figures that were provided to me by the Public and Commercial Services Union. They show a strong correlation between the decline in the amount of drugs seized by customs in the past three years and a fall in the street prices of various popular drugs during the same period. The amount of cocaine seized last year was less than one third of that seized just three years previously: 5,800 kg in 2005-06 compared with more than 20,000 kg in 2003-04. Over the same period, the per gram street price of cocaine dropped sharply. The figures for heroin, cannabis, ecstasy and crack cocaine all show the same relationship.

Those drugs are having a devastating impact on many communities in Wales. The police tell me that they are particularly concerned about the cheap heroin flooding into south and west Wales. We need to be careful about implying that a correlation means causation, but there is no doubt in my mind that the drop in customs seizures as a result of the removal of permanent customs cover at Welsh ports is allowing a greater flow of illegal drugs into Wales through Welsh ports, and that that is a contributory factor to the overall drugs problem in Wales.

In the past year, we have marked the bicentenary of the Act abolishing the transatlantic slave trade. There has been a strong focus on human trafficking as one of the modern forms of slavery that needs to be stamped out. We know that the UK, with its booming illegal sex industry controlled by criminal gangs, is now a major destination for girls and young women being trafficked from eastern Europe, south-east Asia and north and west Africa. We should not engage in the fantasy that the victims of this grotesque trade are to be found only in London. A recent report on trafficking by Amnesty International suggested that Wales is now also home to a "sophisticated and extensive" trade in humans. Amnesty estimates that there are some 60 to 100 victims in Cardiff at any one time and, in a series of major police raids on massage parlours in Cardiff, Swansea and Bridgend last year, the vast majority of prostitutes discovered were illegal immigrants. There was a strong suspicion that many had been trafficked. It is obviously hard to quantify numbers because the trade is hidden, but outreach workers assisting sex workers in Cardiff report that about 50 per cent. of the girls and women they meet are foreign, and they believe that many of those girls have been trafficked.

There is little strong evidence to suggest or to prove that many of those girls are being trafficked through Welsh ports as opposed to reaching Wales via England, but I have spoken to police and customs officers who tell me that they are concerned that girls and young women are being trafficked through Welsh ports. It was suggested to me that the route into the UK from Europe and North Africa via northern Spain and Ireland into Welsh ports is increasingly seen by traffickers as a less risky route than the traditional route from the continent via the south-east ports.

This is a timely discussion, given the Prime Minister's announcement last week of a new UK border agency. His promise of an integrated system is welcome, but restructuring institutions and reshuffling personnel is not the whole story, and the resourcing issue must be addressed.

I opened my comments by referring gently to the calamitous news that broke yesterday about the missing child benefit claimant records. It would not be right for me to score cheap points about that—

The Financial Secretary to the Treasury (Jane Kennedy): Tempting, but not right.

Mr. Crabb: Tempting, indeed.

The vast merged agency created by the merger of Revenue and Customs is a sprawling, cumbersome organisation that is beset with operational difficulties. The theoretical efficiency gains from the merger have become lost in a huge drive to slash the head count as part of the Government's wider efficiency drive to reduce civil service jobs. With tax credit problems, disastrous proposals for decimating the network of tax offices in Wales, lost computer records, and the crazy and bewildering increase in the number of internal UK flights taken by senior Her Majesty's Revenue and Customs managers, a picture is emerging of an organisation with serious problems, and our debate today about customs cover should be considered in that context.

My hon. Friend the Member for Sevenoaks (Mr. Fallon), who is Vice-Chairman of the Treasury Committee said yesterday that there have been

"persistent rumours that all is not well at Revenue and Customs."

A senior member of HMRC told me privately last week that the Department is in a state of "utter shambles", and I understand that an internal survey this summer showed that just one in five HMRC staff was satisfied with the Department. The chairman of HMRC behaved honourably yesterday—that happens far too infrequently in public life—when he took responsibility for operational failures, but the problem also concerns policy.

I shall end with a series of questions, which I hope the Financial Secretary will be able to answer today, or in writing later if she does not have the information to hand or if there is not enough time. Are current arrangements for customs cover at Welsh ports adequate and effective? Is there any research showing that the erosion of permanent customs cover at Welsh ports has not led to an increase in the overall supply through those ports of illegal drugs or trafficked people? If she does not have such research, can she provide an assurance that processes are in place to review the effectiveness of the current arrangements in Wales in the light of those challenges? What assurance can she provide that the priorities of customs teams are not being distorted by centralised targets, and that the more difficult challenges of trafficking in drugs or humans are being addressed as seriously as matters such as tobacco smuggling? Will the new Border and Immigration Agency lead to an overall increase in resources specifically for detection and investigation at ports of entry in Wales, or are we merely rebranding the current customs mobile detection teams which, as the hon. Member for Ceredigion (Mark Williams) said, rarely appear in Wales? With customs inspections at an all-time low in Wales, with access to cheap class A drugs on the streets never easier, and with fears of an increase in trafficked young women and girls, Welsh ports are at risk of becoming a soft touch for traffickers. Wales is a wide-open back door to the UK, and needs better security arrangements.

11.14 am

The Financial Secretary to the Treasury (Jane Kennedy): It is a great pleasure to be here this morning debating security at the Welsh border. I am grateful for that opportunity, because it allows me to put on record at the outset not only my experience of working with HMRC during the past four months, but my long experience of working with it in Northern Ireland. It performed a critical role, with other law enforcement agencies, in assisting us to bring the Northern Ireland organised criminal networks under serious and sustained attack to the extent that real progress was made, and continues to be made, in combating organised crime. The Chamber should understand the central role played by co-ordinated work with other agencies—including intelligence work and work with special branch and the police—in the success of HMRC in dealing with the threats that it faces and the complex range of tasks that we ask it to perform.

Albert Owen *rose—*

Jane Kennedy: My hon. Friend indicated that he would like to intervene, and although it is a short debate I shall give way to him on this occasion.

Albert Owen: I was hoping to contribute to the debate at greater length and in detail, but this is an intervention.

I am grateful to the hon. Member for Preseli Pembrokeshire (Mr. Crabb) for securing this debate. He claims that Wales could be a soft touch and a back door, but I do not accept either of those statements. First, it is a front door, because Holyhead is one of the busiest ports in the United Kingdom. It is also a major ferry port—the third largest in the United Kingdom and the largest on the western seaboard—with more than 2 million passengers a year.

Co-operation between the different agencies is an issue, and while the hon. Gentleman is right to say that drugs seizures by HMRC have fallen, police seizures have risen considerably, because they are compensating in a common travel area for much of HMRC's work.

Jane Kennedy: My hon. Friend makes an interesting point. The quality and nature of the work and the co-operation between different agencies obviously need to be kept under constant review, and that is taking place.

I noted the point made by the hon. Member for Preseli Pembrokeshire about having to leave early. Rather than trying to wind up the debate early, I shall probably need the full time available, but I shall not take offence if the hon. Gentleman leaves, although I am not sure how you feel about that, Mr. Atkinson.

Mr. Peter Atkinson (in the Chair): Order. This debate continues until half past the hour, so the Financial Secretary has the Floor until then.

If the hon. Member for Preseli Pembrokeshire (Mr. Crabb) runs, he will, taking Prayers into account, get there in time.

Jane Kennedy: I have talked about the challenges that HMRC faces, and the requirement constantly to review those challenges and to work in co-operation with other agencies. I will look up the point that my hon. Friend raised.

The hon. Member for Preseli Pembrokeshire said that there was concern about the drop in the street price of drugs as a result of reduced numbers of seizures. I am sure that he will appreciate that there is no simple correlation between the two. The number of seizures and the street price are not directly related, and the matter is extremely complex.

Mr. Crabb: There is a correlation in the specific meaning of the word. I said that we should not just assume that correlation means causation. There is a range of factors, but the drop in the number of seizures, which are not fully compensated for by an increase in police seizures, is a contributory factor.

Jane Kennedy: That is a fair and valuable point, and we want to monitor that, but the matter is of equal concern because the organised criminal networks that traffic in drugs and people are the same. They simply turn their hand to whatever is the easiest commodity to traffic at the time. Seizures of cigarettes in 2004-05 and 2005-06 were 2.3 million and 2.7 million respectively, and seizures this year remain broadly in line with the two previous years. That evidence confirms that there is a continuing risk in Wales, but resources are being deployed appropriately and in line with the current threat.

I want now to make several more general points about the way in which HMRC is working before talking about the border agency, if I have time. I will, of course, undertake to write to the hon. Gentleman if I do not answer all the questions that he has raised.

About 7,000 HMRC staff are employed on activities that touch on the border, and the majority of detection staff—about 4,500—are deployed at ports, airports and inland. Such uniformed customs officers, who are familiar to us all at ports and airports, have to help with and support detection work, with their highly effective dogs, which can search out class A drugs, cash, animal products and tobacco.

HMRC has also invested heavily in new technology and has extensive state-of-the-art X-ray and scanning equipment, some of which is at Cardiff and much of which is mobile, being used at ports and airports throughout the UK. It also has a five-strong fleet of modern, world-class cutters and crews, who are continually active off the UK's more remote coastal locations, including the south-west approaches. The cutter fleet has a highly sophisticated monitoring capability and forms an integral part of HMRC's anti-smuggling strategy. It is a pleasure to be able to spell out some of the really good work that HMRC is doing. The whole organisation is saddened by the announcement that we have had to make and the events that led up to it, but it has some extremely professional and highly skilled people, who are doing a terrific job, and I pay tribute to them.

To meet the challenges that we have discussed and make more effective use of its resources, modern equipment and assets, HMRC has changed its tactics in recent years and become more intelligence-led and less predictable. It is critical that it does so, and that is an important change. Fixed teams of officers at every port and airport, who are engaged on routine, less productive duty patterns, are not the most efficient and effective way to tackle or deter today's organised, sophisticated and well-resourced criminal gangs, who are determined to breach the UK's border controls. Experience shows that flexible mobile teams allow Customs to deploy in larger numbers, less predictably and with greater impact to any area of the UK where intelligence identifies a risk, and I am sure that the hon. Member for Preseli Pembrokeshire would want Customs to do so.

As a result of building a highly skilled, highly mobile and better equipped force and working more closely in partnership with the police, the Border and Immigration Agency and anti-terrorist agencies, HMRC is today better able to tackle modern-day criminals and others intent on breaching our border controls. Through its investment in intelligence, data acquisition, which is important in such work, and new information technology, HMRC is better placed to target criminals and disrupt their activities before they cause harm.

Albert Owen: When the new single agency is up and running, it will encompass UKvisas. That is not applicable to the Welsh ports, because they are a common travel area, but it is applicable to bringing together immigration and Customs. However, I am still concerned that there needs to be a proper framework, including liaison with the police. At present, the work that we are discussing draws on territorial police, and local resources are used for port security. All that comes out of the central budget. Could that be looked at in the future?

Jane Kennedy: That will obviously be part of the thinking that goes into developing the new border agency. It is clear that the police will not be part of that agency, so the discussion that my hon. Friend describes will have to be taken forward. However, the border agency has been set up precisely with the objective of strengthening UK borders, and a significant majority—hon. Gentlemen may wish to hear this—of

the detection staff based in Wales are likely to transfer to it. The combined detection skills of the BIA, as it is called at the moment, and UKvisas will strengthen the UK border. The new agency will have a combined work force of about 25,000 staff. We envisage that it will be able to join up the powers and skills of HMRC and the BIA, giving us even greater expertise in controlling the borders in Wales.

Let me put things into perspective and spend a minute or two talking about what happens at present. Current intelligence continues to indicate that the flow of illicit goods into the UK, such as counterfeit tobacco and class A drugs, will not come through small ports or airports, contrary to the fears of the hon. Member for Preseli Pembrokeshire, although these things obviously need to be kept under close watch. Current intelligence indicates that they enter through the major ports and airports, which are principally in the south and east of England, and that they use commercial modes of transport. That view is supported by local operational intelligence, which indicates that the M4 corridor and west midlands are used to get supplies of illicit tobacco into Wales. That means that HMRC can best protect the communities of Wales from the threat posed by such commodities by tackling this major flow at the point where it enters the UK. Of course, basing Customs resources solely in major ports and airports cannot be the full answer, but if there is a perception that that is where the work is intensifying, that is for very sound operational purposes.

Mr. Crabb: If there is virtually no full-time uniformed Customs presence at the Welsh ports, who is gathering the evidence to suggest that they are not a major point of entry for the illegal products that we are discussing?

Jane Kennedy: HMRC not only has its own means of gathering intelligence, but co-operates, as I said, with other law enforcement agencies. It draws on and pools intelligence, which is an absolutely necessary prerequisite for successful team working. That is the way forward, and the lesson that we are learning around the world is that the greater the co-ordination and co-operation, the more effective the different agencies involved. However, I take the point that HMRC needs to remain alert and responsive.

I have talked about HMRC's investment in intelligence, and given the co-operation of shipping companies and airlines, HMRC today has a comprehensive and up-to-date picture of all freight and passenger movements through Welsh ports and airports. I hope that that provides some reassurance to those Members who have participated in the debate.

That intelligence picture enables HMRC to deploy to best effect the 59 front-line detection staff based in Wales. They are not based statically at ports—that would be a weakness—but in different, flexible ways, which is more appropriate to the risks that we face. If necessary, teams are sometimes mobile and sometimes draw on teams based in the west midlands, as well as the national strike force and the cutter fleet.

Specific intelligence-led operations periodically draw on other national resources. For example, in May and June this year, Operation Faun involved more than 50 officers from across the UK, including specialist cash detection teams from London and Gatwick, who worked with Welsh colleagues at Holyhead, Fishguard and Pembroke ports to test the risk of criminal cash being smuggled through those ports.

HMRC has changed its tactics, and its intelligence-led, risk-based and less predictable approach has proved successful. The facts speak for themselves: Treasury statistics indicate that the illicit market in cigarettes, which was 20 per cent. and rising in 2002, has been driven down to about 13 per cent. However, HMRC is not complacent. It is intelligence-led and will continually adjust its response to the changing threat. Through its professionalism, flexibility and unpredictability, it aims to continue to provide a good level of protection for the UK's border.

11.29 am

Sitting suspended until half-past Two o'clock.

Barnett Formula

2.30 pm

Graham Stringer (Manchester, Blackley) (Lab): I am pleased to see so many Members present. I realise that some would prefer the debate not to take place, but I do not think that any area of public policy, particularly those relating to expenditure, should not be open for the debate in the House.

I first became acutely aware of how sensitive the subject was when I tabled early-day motion 402 in the last Session. Essentially, it said that the House was worried that support for the Union between England and Scotland was falling, as was seen in an opinion poll of the time, and, potentially, one of the causes of that was the Barnett formula, which should therefore be reviewed. That remains my position: I am in favour of the Union between England, Scotland, Wales and Northern Ireland, but I believe that the United Kingdom would be stronger if the distribution of public money was seen to be carried out in a fair and equitable manner.

Chris Ruane (Vale of Clwyd) (Lab) *rose—*

Graham Stringer: I shall give way on that point. I am aware that many people would like to speak, and I like to give way, but I do not want to do so too often.

Chris Ruane: If the Barnett formula was reviewed and if Scotland and Wales ended up with less money, does my hon. Friend believe that that would weaken or strengthen the Union?

Graham Stringer: I am not attacking Northern Ireland, Wales or Scotland. I wish to see public expenditure, which is directed on a per capita basis towards a person in Glasgow, Cardiff or Belfast when it comes to health or education, determined on the same basis in all four home countries.

Having tabled early-day motion 402, I found out that an official from No. 10 Downing street was going round to signatories and, without telling me, was asking them to withdraw their names from the motion because of the sensitivity of the issue. That was a profoundly wrong way for No. 10 officials to behave; such issues are better aired in public debate.

The Prime Minister has said on a number of occasions that he does not believe in a review, but I hope that we can change his mind. I listened carefully to his answer to the question on the Barnett formula today, and I am not sure in what sense he meant that the formula applied to England. It was based either on an obtuse understanding of the Barnett formula or he missed the point. Effectively, the formula applies at the margin and is based on an increase in expenditure in England, not previous expenditure, which is multiplied by a comparability factor of the population. I do not see what the Prime Minister meant when he said that the formula applies to England, apart from the fact that the calculation starts with England. My hon. Friend the Member for Blyth Valley (Mr. Campbell), who asked the question, pointed out, as I shall, that the English regions end up disadvantaged because of how the money is allocated.

The Chief Secretary to the Treasury said, as the Prime Minister had, that there would be no review. However, Wendy Alexander MSP and leader of the Labour party in Scotland—

Stewart Hosie (Dundee, East) (SNP): No she is not.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op) *rose—*

Graham Stringer: I shall give way to my hon. Friend.

Mr. Davidson: May I advise hon. Members that Wendy Alexander is the leader of the Labour party in the Scottish Parliament? The Labour leader in Scotland, as in the United Kingdom, is my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr. Brown).

Graham Stringer: I am grateful to my hon. Friend for clarifying that, but we were talking about the same person. In *The Daily Telegraph* on 12 September, Wendy Alexander said that the time might now be right for a review of the formula.

It is excellent to be able to talk to the person who is potentially the greatest living source on the Barnett formula—my noble Friend Lord Barnett. I shared a taxi with him on Monday, and he is clear that the Barnett formula has lasted for much longer than he intended. He is looking to set up an ad hoc Lords Select Committee to examine how money should be distributed between the four home countries, so the debate will continue. That is unfortunate for those who do not like the debate, but it is healthy to have it.

Lembit Öpik (Montgomeryshire) (LD): There is actually a large constituency of support for review of the formula, but does the hon. Gentleman recognise that those of us from Wales assume that any kind of needs-based formula would increase rather than reduce the amount given to Wales?

Graham Stringer: The hon. Gentleman makes an interesting point—I was going to come to it.

Any distribution of public money should be based on equity and fairness, and it should be transparent. Preferably, given the relationship between the four countries, it should have a legislative basis, so everybody knows where they stand. The Barnett formula does not have such a basis.

It is known and recognised, even at street level, that the formula is unfair to the English regions. It is less well known, as the hon. Member for Montgomeryshire (Lembit Öpik) said, that if we were to apply the normal fiscal needs basis to Wales—it might include distribution of population, road length, crime, unemployment, substandard housing and health issues, and the things that are considered in most needs-based formulas—Wales would require more money than Scotland. In actual fact, Wales gets nearly £500 a head less. It is often thought that reviewing the Barnett formula is a matter for the English regions only. It is a matter for the regions, but not exclusively; a review would look for a fairer basis on which to spend money within the United Kingdom.

The debate is about the Barnett formula and I do not wish to get dragged into constitutional conundrums—at least not much—but there are constitutional issues that relate to the formula. People in the English regions feel that they suffer a double whammy: first, they do not get the same level of funding and, secondly, they have less immediate local control over many of the services that the Welsh Assembly and Scottish Parliament control away from Westminster.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): My hon. Friend knows that I share much of his analysis of the situation. However, is it not really a triple whammy, because there are huge disparities between English regions, which strengthens the force of his argument?

Graham Stringer: Hon. Members on both sides of the House appear to have had sight of my speech even though I was still writing it half an hour ago. I am coming to my right hon. Friend's point, but I shall first go through some of the issues that illustrate the unfairness. I could spend the rest of the debate going through the figures, some of which are in the Library debate pack and the Library guide to the formula, but I shall not go through them all.

Last year, disposable household income in Scotland was £11,753, which is £1,000 greater than in the north-east of England. However, when it comes to public expenditure, the north-east of England receives £600 less per capita than Scotland, and the north-west of England receives £800 less per capita. Overall in England, the per capita level of expenditure is £1,000 less.

Angus Robertson (Moray) (SNP): Just for the record and the sake of correctness, will the hon. Gentleman confirm that he is talking about identifiable public expenditure? He is talking not about total public expenditure, but about identifiable public expenditure.

Graham Stringer: I accept the hon. Gentleman's point. The reason why I do not want to go through a lot of similar statistics is that they do not illustrate as well as real examples why in many English regions and certainly in Manchester, people do not talk about the Barnett formula, but they do now talk about its impact. I shall give the best illustration that I can. It has not been a happy week for my right hon. Friend the Chancellor of the Exchequer, but unfortunately I will have to use him as an example.

When the Crossrail project was agreed, the Chancellor issued a press release that said that Scotland would benefit indirectly from the £16 billion Crossrail project in London. That is not happening on any basis of need and it is particularly annoying for people in Leeds, Manchester and Liverpool, because when the Chancellor was Secretary of State for Transport, he cancelled either tram extensions or trams in those cities. If we work out the so-called Barnett consequentials of that £16 billion—I do not think that they have been made publicly available yet; I have just tabled a parliamentary question to quantify them as exactly as possible—we see that that would have bought at least one tram set for Leeds or Liverpool and possibly two.

We are talking about a Scottish Secretary of State for Transport who cancelled tram systems in England even though he could not affect the debate on whether trams were on the streets of his own city of Edinburgh. Now, when he is Chancellor and there is huge public expenditure on a London project, he boasts that it will benefit Scotland. As my children say, is that really fair?

Mr. Mark Field (Cities of London and Westminster) (Con): Does the hon. Gentleman take the view that others might think that that situation should disbar any Scottish MP in this place from being Secretary of State for Transport, the Home Secretary, the Secretary of State for Health or the Secretary of State for Education? I should be interested to know the hon. Gentleman's views and those of his colleagues.

Graham Stringer: No, I absolutely do not take that view. Not for the first time is a Conservative party proposal unworkable. It does not deal with the real issue, which is that the situation of people living in Leeds or Birmingham, in terms of their influence on local policies on health and transport, is very similar to that of people in Scotland. Rather than creating a completely unworkable situation in the House of Commons in which there are different classes of Members, it would be better to devolve issues down to local democracy. I do not accept the point that the hon. Gentleman makes.

The example that I have given illustrates the fact that the English regions are not just competing with London, Scotland, Wales or Northern Ireland for resources, but are left out of the complete calculation. That is why, when I walk down the streets in Manchester, although people do not say that the Barnett formula is wrong, they do come up to me and say, "Why does my daughter have to pay tuition fees in England, whereas if we lived in Scotland, she wouldn't?" They go through a series of issues—hon. Members will be aware of them—from being able to get cancer drugs in Scotland that are not available elsewhere, to the care of the elderly—*[Interruption.]* I hear hon. Members saying from a sedentary position that that is to do with the Scottish Parliament, but the fact is that the Scottish Parliament, without raising a penny in taxes, can spend money at a higher rate than is the case in England. The whole basis of this debate is to ask for a review so that there is an equitable basis for funding.

I am part of a campaign, with a number of hon. Members from all parties, to try to secure a referendum on the Lisbon treaty or reform treaty or whatever the European constitution is called at the moment. The basis of that is trust: what people say to the electorate should be carried through. What is often not talked about is that in national elections, there is a corrosive effect, certainly within the three major parties, in terms of how they campaign at national level and in the different countries.

I have searched through the manifestos of the Conservative party, the Lib Dems and the Labour party, and there is no mention in the last three manifestos of all those parties for the United Kingdom—in the Great Britain manifestos, to be precise—of the Barnett formula, with one exception. In

[Graham Stringer]

2001, the Lib Dems came out against the Barnett formula and were in favour of a review and a fairer basis for funding.

Lembit Öpik: I have two points. The variations in policy cannot all be ascribed to the Barnett formula; there are political distinctions to be made there. However, the most important point is that the hon. Gentleman should accept that the Liberal Democrats have been campaigning for a change in the Barnett formula—for slightly different reasons from the ones that he is giving—for many years. Indeed, we made that a key point in the 2005 general election in Wales and in the most recent Assembly elections, because we think that a needs-based formula, which I think he is calling for as well, is absolutely the right way to go. Even Joel Barnett, who invented the formula, seems to agree that the current formula is bankrupt.

Graham Stringer: I take the hon. Gentleman's point. Of course, the nature of devolution is that there will be policies at elections in Wales, Scotland and Northern Ireland that relate to those countries, but where there are issues of taxation and expenditure, there is no doubt that the Barnett formula applies to England and has consequences in England. It is very strange, unhealthy and corrosive that it was possible for the previous Prime Minister to go to the Lighthouse in Glasgow on 13 April and say what a great thing the Barnett formula was, whereas it was not mentioned in our 2005 manifesto. That is the real point I am making. There is a level of unintended dishonesty, in that the Conservative party, the Lib Dem party and the Labour party would not campaign hard on what a great thing the Barnett formula is in England, and that needs exposing.

Chris Ruane: I thank my hon. Friend for being so generous in giving way. He perceives that there is an injustice, an inequality, in funding between various countries of the UK.

Mr. George Howarth: And regions.

Chris Ruane: Indeed. Has my hon. Friend also considered the unequal way in which the defence budget is divided up around the UK? I tabled a parliamentary question seven or eight years ago for per capita figures, and it turned out that the north-east did well; Wales did not do too well; and the south-west did well. These issues need to be considered in the round.

Graham Stringer: The way in which parts of the Government's expenditure are allocated around the country is clearly worthy of debate. I know that all hon. Members fight very hard for their constituencies and I accept the point that sometimes too much goes to one area rather than to another. I wanted to initiate a debate and keep it going about how one aspect of how spatial public expenditure is allocated seems to be fundamentally unfair.

Mr. Davidson: Will my hon. Friend give way?

Graham Stringer: I will, but for the last time. I want to give other hon. Members time to speak.

Mr. Davidson: My hon. Friend is a fine fellow, particularly in his views on the European constitution. However, does he agree that it is important to ensure that any review of spatial expenditure does not focus on the Barnett formula alone? Also, we need a review of expenditure not only within England—I completely accept that we need one here—but in Scotland. It is clear that my area of Glasgow is grossly underfunded in comparison with many other parts of the country, which receive far greater public expenditure although they have far less need.

Graham Stringer: I am sure that my hon. Friend will accept that there are great similarities between post-industrial cities such as Glasgow, Manchester and Leeds in terms of deprivation, health problems and having double the usual level of unemployment. One can go through the statistics. Glasgow, Leeds, Birmingham, Manchester and the other industrial cities should be dealt with similarly—I accept that—but one of those cities should not be dealt with better just because it is north of the border.

I am asking for a review for equity. I understand what some hon. Members are asking: will it mean less for Wales or Scotland? Not necessarily, because time could be taken to make things fairer—one comes to rates of increase when talking about such matters. But if we do not change things, we are accepting that the English regions—I gave what I think is the best illustration, transport policy—will be permanently disadvantaged. I know that some hon. Members in this Chamber, although I am not one of them, believe that it would be a good thing if the English regions were disadvantaged, because it would add to the arguments against the Union. I want the review because I am strongly in favour of keeping the countries in the United Kingdom together.

This debate has not been primarily about the constitution, but about how, rather than the Conservative solution to what is clearly an unfairness, decisions should be taken at a different level in Wales, Scotland and Northern Ireland. I do not think that the House of Commons should be divided into Members of different status, but I think that a serious look should be taken at how local democracy can be given back many of the powers and resources to make decisions that only 50 years ago, within living memory, were taken by county councils and major cities.

Several hon. Members *rose—*

Mr. Peter Atkinson (in the Chair): Order. May I say to hon. Members present that I intend to call the wind-ups at half-past 3? Seven Members have indicated in advance that they wish to speak. If I am to get them all in, they will have to speak for approximately five or six minutes each. I ask Members to bear that in mind as it will make the debate fairer for everybody.

2.53 pm

Mr. Dai Davies (Blaenau Gwent) (Ind): I thank the hon. Member for Manchester, Blackley (Graham Stringer) for bringing this debate into the open. It has

been hidden for too long. I speak on behalf of a borough that is regularly listed among the 10 most deprived areas in Britain and has been so for a long time. The needs-based formula must be debated; it is no good hiding from it. The Welsh Assembly Government recently voted that that should happen, and we should take our lead from them.

In Blaenau Gwent, one of the poorest boroughs, we also have one of the highest rates of council tax in Wales, if not the highest. Once a borough is poor, it is extremely difficult to escape from that position. Settlements come down from either London or the Cardiff Government, but our uplift is also among the lowest in Wales. The spiral of deprivation, in which a borough continues to be poor, is difficult to escape. A needs-based formula might have to be based in part on population, but to hide from the debate is not the answer.

The Government introduced European objective 1 funding, which was seen as a means of lifting people out of poverty. The problem is that it cannot be used for statutory responsibility, so the funding does not help to lift boroughs out of their real problem, which is statutory funding and statutory responsibility. European funding is also project-based, not long-term, and that is another worry—it can disappear as quickly as it is given. It is important that we consider the needs of every area and region in this country, and not in isolation.

Chris Ruane (Vale of Clwyd) (Lab): If a review goes ahead and Wales gets less money under a revised Barnett formula, does the hon. Gentleman think that Blaenau Gwent will get more money or less?

Mr. Dai Davies: The feeling in Blaenau Gwent is that we could not be any worse off. In our opinion the review, if it is based on need, can mean only that we will be better off. As we are in the bottom 10, the only way is up; in that respect, we have nothing to lose. Whatever the outcome, a review must be held. It must be open and honest, and everyone must have an input. I urge all hon. Members to push for that, because the fair distribution of moneys throughout this country is vital to areas such as mine. European funding is under threat again. Convergence funding could be taken away in one or two years' time. We are still left with no definite funding. I urge everyone to support the call for a review.

2.57 pm

Derek Wyatt (Sittingbourne and Sheppey) (Lab): I think that I secured the last debate on the Barnett formula, in 2001. I called for a cross-party group from the House of Lords and the House of Commons to review the formula and said that whatever its conclusions, it should start from the premise that it would take 10 years to implement the changes. I stand by that.

Three issues concern me. One is that only three regions in the United Kingdom actually have a positive GDP—the east of England, London and the south-east. Why is that? Why are the others negative after so much investment since the second world war? Is it something fundamentally wrong with the structure in our regions that makes them negative? Secondly, the formula is clearly a concern. I detect distinct nervousness in this Room in Welsh, Scottish and Northern Irish Members, and I can understand that. Thirdly, to say that there is no constitutional implication is foolish. There will be constitutional implications.

I suggest to the House—I hope that the Minister will take this seriously—that we are in government together. Our constituents are concerned about the Barnett formula. I should like to see a Joint Committee of the House of Lords and the House of Commons, and I should like it to have three purposes. One is to understand better why only three regions of the United Kingdom make any money for us. I propose that the reason is the university structure and the number of patents that are exploited. Without considering that, we will not get underneath the issue. The second purpose is to consider the funding formula, and the third the constitutional implications. A Joint Committee of both Houses, challenged to consider those three things, would come back with the most profound findings about what we must do to be a modern 21st-century country.

2.59 pm

Mr. Mark Field (Cities of London and Westminster) (Con): I congratulate the hon. Member for Manchester, Blackley (Graham Stringer) on securing this important debate. The issue has been fraught with significant controversy since 1978, when the Barnett formula was introduced, although preferential funding treatment for Scotland goes back to the end of the Victorian era and Lord Goschen. The problem became particularly strong in the aftermath of devolution, during the past eight years. However, it seems that the public at large often labour under a number of misapprehensions. *[Interruption.]* We all know what game the Scottish nationalists are playing. They want the whole thing shaken up; they would love nothing more than an aggressive cut in the Barnett formula, as it would allow them to play to the gallery at home. We are not going to play that game, and I hope that the same applies to Labour Members.

There is a perception that the Barnett formula is set in stone, but it is a convention that could be changed at will by the Treasury. There is also a sense that England gets an unfair deal, and that applies not only to the English regions, but in my part of London. I accept that it gets a fair amount of public expenditure. Indeed, the hon. Member for Manchester, Blackley referred to the protected £16 billion being invested in Crossrail, but as the hon. Member for Sittingbourne and Sheppey (Derek Wyatt) rightly pointed out, London is still a net donor.

Pete Wishart (Perth and North Perthshire) (SNP): When identified spending is factored into the equation, London secures more money than Scotland. What does the hon. Gentleman have to say about that? I do not ask him to accept it, but he should at least conclude that a debate is to be had about it.

Mr. Field: We could doubtless debate statistics at both ends of the argument, but there was a tacit acceptance of the Barnett formula by the Conservative Administration between 1979 and 1997, who relied on only a small minority of votes and seats in Scotland. That is one reason why it was maintained. I disagree

[Mr. Mark Field]

with the hon. Member for Manchester, Blackley. My view is that after 1997, and particularly after devolution in 1999, it ceased to be a question of economics. It is now a matter of raw constitutional politics.

The formula fails to provide for the proper fiscal independence of the devolved Governments in Scotland and Wales. Even with its own Parliament, Scotland has to work within a total sum over which it has absolutely no control, although it does have some discretion. That is unacceptable. I have always been more relaxed than many of my party colleagues and many people across England about the effects of devolution. I believe that localism should be properly respected. One of the interesting things about my constituency—the seven square miles of central London that I represent—is that it is actively cosmopolitan.

Mr. David Hamilton (Midlothian) (Lab): It is rich.

Mr. Field: Of course, it has pockets of great wealth. It also has pockets of great poverty. I would happily go with the hon. Gentleman to literally within 200 yd of here, down to Abbey Orchard estate, and to Pimlico and Bayswater. It is much more mixed. The point is that even in the midst of a cosmopolitan constituency, there is a great passion for localism—for the idea of local residents associations and amenity societies. One of the big challenges of politics is trying to marry the fact that although we live in a global economy and a globalised world, it is one where local issues matter.

However, the postcode lottery was implicit in what the hon. Member for Manchester, Blackley said. Scotland, of course, has preferential treatment for university fees, for the long-term care of the elderly, and more recently for prescription charges. I congratulate the right hon. Member for Banff and Buchan (Mr. Salmond) on his clever political role on prescription charges, because the postcode lottery has a particular effect in relation to the health service. The nationalised health service is one subject that most people in the United Kingdom feel strongly about, and more so than about the postcode lottery or other elements of expenditure.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): The hon. Gentleman is right about the policies of the Scottish National party, including the reduction in primary school class sizes, the cancellation of student debts, the hiring of 1,000 new police officers and free prescriptions. The only difference is that they have not been delivered—neither are they likely to be delivered—and they will blame us for it if they are not.

Mr. Field: I shall not get into such localised debates, but the hon. Gentleman has put his concerns on the record. The move by the Scottish National party's Administration at Holyrood to drive a new wedge into the area of health spending is clever politics, for it stokes up resentment on the subject that is of most concern in relation to the postcode lottery. It is a trap into which those who truly support the Union should not fall.

I have to say that my party's view that we should support English votes for English laws is unworkable. It is absurd that we should have to go through a health Bill, saying that clause 13(7) can be voted on only by English Members but that clause 13(8) can be voted on by all Members. That is nonsense. Nor do I support the notion of an English Grand Committee. It will allow those who wish to do so to suggest that we are somehow trying to put the Union at risk. However, we must have transparency in matters financial. I hope that we will be galvanised by considering all the facts.

At least since devolution, I have preferred the idea of having an English Parliament with exactly the same rights as the Scottish Parliament. I am the only Conservative Member who voted in favour of getting rid of the House of Lords. I would have the Lords as a UK Parliament, with a unicameral system, and have English, Welsh, Scottish and Northern Ireland Parliaments with exactly the same powers, but allowing foreign affairs, defence and a certain amount of fiscal policy to be made by a UK Parliament.

We shall surely return to these matters many times. Make no mistake, however, that any move to recalibrate the Barnett formula would have political and, above all, constitutional implications well beyond the merely financial and fiscal elements that make up what is to many a somewhat mischievous mechanism.

3.6 pm

Hugh Bayley (City of York) (Lab): I congratulate my hon. Friend the Member for Manchester, Blackley (Graham Stringer) on securing the debate. At least for its duration we will set aside the war of the roses. I thank my many colleagues and friends from Northern Ireland, Scotland and Wales for supporting us in this debate.

I strongly support the Union. We will continue to have greater international influence as a United Kingdom than if we Balkanise Britain into a number of smaller states. However, I believe that the Union is challenged on three fronts. First, and openly, it is challenged by Scotland's First Minister, whose target is independence. Secondly, it is challenged indirectly by a groundswell of English resentment, because we in England pay the same taxes as those in others part of the United Kingdom but get a smaller share of public expenditure per person. As a consequence we in England pay for some public services—residential care, prescriptions, university student fees—that cost less or are free in others parts of the United Kingdom.

Thirdly, the Union is challenged indirectly—I will be kind and say unintentionally—by the Conservative-led clamour for English votes for English laws. The idea that Members of the House of Commons should be divided into two categories—those from England with rights to vote on all matters, and those from Scotland, Wales and Northern Ireland who are treated as second-class MPs without full voting rights—would be a serious blow to the concept of the Union.

Mr. Davidson: Would it not be even more complicated than that? It would not be English Members and everyone else. The Scots would be able to vote on some things; the Welsh would be able to vote on different things; the Northern Irish would be able to

vote on some things that the English did not vote on but which the Welsh may have done; and within England there would be some things that the London Members could not vote upon that other English Members could. There would be six categories of Members. Perhaps I can also ask my hon. Friend whether he supports the idea of "one Lord, one lamp post" when reforming the House of Lords.

Hugh Bayley: I strongly agree with my hon. Friend's earlier remarks.

The biggest difficulty would be to determine which issues can be voted on by each of the many electoral factions that would be produced by the Conservative proposal. More seriously, it would be an attack on the British tradition of Cabinet government. Under our system, the leader of a majority party in the House of Commons appoints a Cabinet, which is bound by collective responsibility and which remains in office while it retains the support and confidence of a majority of our House. The proposition for English votes for English laws would, in the words of Peter Riddell, writing in *The Times* earlier this month, "destroy the coherence" of Cabinet government.

The Barnett formula was created in the mid-1970s as a short-term fix, to prevent the annual feuding between the Treasury and the three territorial Secretaries of State. It may have made sense then, but it is no longer appropriate. As we heard from my hon. Friend the Member for Manchester, Blackley, it has been disowned by Joel Barnett himself. It has also been disowned by Lord Sewell, the Scottish Office Minister who took the Scotland Act 1998 through Parliament. Writing in a Smith Institute pamphlet recently, he said:

"Barnett served the UK well prior to devolution and was important in enabling a smooth transition to be made to devolved government...It has now outlived its usefulness."

I first became aware of the difficulties and inappropriateness of the Barnett formula in the winter of 1997-98, when I was the Parliamentary Private Secretary to my right hon. Friend the Member for Holborn and St. Pancras (Frank Dobson), who was then the Secretary of State for Health. The incoming Labour Government were determined to avoid the winter pressures—the winter beds crisis—that we had witnessed in the previous few winters under the Conservatives. As hon. Members will remember, we were tied to the John Major Government's spending plans for our first two years in government, but my right hon. Friend managed to negotiate an additional £269 million for England to avoid a winter beds crisis in that first winter under the Labour Government. There was no prospect of a beds crisis in Scotland, Wales or Northern Ireland, because they had had none previously and had the resources to avoid one that winter. Nevertheless, they received £17 million, £10 million and £18 million respectively in additional health expenditure under the Barnett formula. Just recently, the Prime Minister announced £16 billion for the Crossrail project in London, but that will deliver another £500 million of expenditure for Scotland. That is not an efficient use of public money.

The consequence of Barnett 30 years on is that people living in Yorkshire receive £1,400 less per year on average than people living in Scotland. However, the percentage of people living in poverty is greater in Yorkshire than in Scotland, at 22 per cent., as opposed to 20 per cent., according to the latest households below average income survey. In 2005—the latest year for which we have figures—gross disposal income per head was also lower in Yorkshire than in Scotland, at £12,200 per head, as opposed to £12,600.

Jim Sheridan: On deprivation, my hon. Friend will also be aware that seven of our 10 most deprived areas are in Scotland.

Hugh Bayley: I accept that there is poverty in Scotland and that there are additional costs from rurality in the highlands of Scotland, but there is also poverty in Yorkshire and the Humber, and there is rurality in my part of North Yorkshire.

We should use the same criteria to assess need and the same basis for apportioning public expenditure in all parts of the United Kingdom; if we do not, we will undermine the basis of the Union. I therefore support the proposal by my hon. Friend the Member for Manchester, Blackley that there should be a transparent needs-based review of the Barnett formula.

3.12 pm

Adam Price (Carmarthen, East and Dinefwr) (PC): I congratulate the hon. Member for Manchester, Blackley (Graham Stringer) on raising this vital issue and on the careful and measured way in which he developed his case. There is a growing consensus that we need a review of the way in which we raise and distribute resources in these islands, and that consensus embraces the nationalist parties in the three nations, some of the Unionist parties and the Alliance party in Northern Ireland, dissident Labour MPs, MSPs and AMs and the Liberal Democrats, although we are not quite sure about the Conservatives.

The hon. Gentleman put his finger on why there is a consensus about the fact that it is high time for a review: Barnett is a headcount formula, and injustice was almost written into it from the very start because it did not take need into consideration. Nuffield college, for example, has estimated that the absence of a needs-based formula may have led to a shortfall of £1 billion in Wales. The last time the Treasury conducted the needs-based assessment across the UK for which the hon. Gentleman is calling was 1976, and it is surely high time, after 30 years, for it to conduct a review. We do, however, have one needs-based formula in the UK: the Big Lottery Fund. Using a semi-official needs-based formula, it allocates 6.5 per cent. of the fund to Wales, rather than the 4. 9 per cent. that we get under Barnett.

The injustice is, however, getting worse, because Barnett is a convergent formula over time. In 2000, for example, Wales was 9 per cent. above the UK average for health expenditure per head, with a figure of 109 per cent., but we are now down to 104 per cent., and the figure is falling further, even though we have a similar sickness profile to the north-east of England. The north-east rightly deserves more money because of the legacy of heavy industry, but it has now overtaken Wales, and we currently have no mechanism to reflect the chronic ill health in our community.

The hon. Gentleman was right to raise this issue for another reason. One of the problems with the Barnett formula is that it is not statutory, so there is a lack of

[Adam Price]

consistency and transparency about the way in which it is applied. We saw an example of that in the comprehensive spending review when the Treasury implemented a change in the baseline for the English Departments. As a result of money not being spent and the baseline being shifted—jiggery-pokery, effectively—Wales lost £260 million. What Barnett giveth, Barnett can apparently take away, and we saw such a reverse Barnett formula applied in the comprehensive spending review.

The other problem is what is and is not included in calculating the Barnett formula. I have with me the statement of funding policy—the bible of the Barnett formula—which is published every three years. It makes curious reading, because a number of things are excluded from the formula as a result of being categorised as benefiting the UK as a whole. That is fair enough, but such things are often principally for the benefit of England and, in many cases, one part of it—the south-east.

For example, the Government have spent £552 million on the channel tunnel rail link this year alone, but that is excluded from the Barnett formula. When the Conservative Government made the original decision to build the channel tunnel back in the 1980s, high-speed one would come into London, and high-speed two and three would go into Wales and the west of England and link up the north of England and Scotland. That was fair enough, because it was a UK project, and we would all benefit, with connections across the UK and to the European mainland. Then, however, high-speed two and three, which would have connected the rest of the UK, were cancelled, so the high-speed rail link now begins and ends in London and we are no longer talking about a UK project. None the less, it is excluded from the Barnett formula.

There are other examples. Some £29 million was spent on the botanic gardens at Kew, but there was not a penny in a Barnett consequential for the national botanic garden in Wales, which is in my constituency, so I should declare an interest. Nor does the royal botanic garden in Edinburgh get a penny, although I seem to remember that it predates not only the Barnett formula, but the botanic gardens in Kew—it was actually created first.

There are loads of these anomalies. Some £17 million has been spent on cycling, but we do not get anything, even though I seem to recall that we do actually ride bikes in Wales and Scotland. There is also £72 million for sustainability and renewable energy, which are big issues in Wales and Scotland, but not a penny comes to us. The list goes on and on.

Then there are the negative Barnett consequentials, which take money away. For some reason, for every pound that the Government receive from the Dartford toll crossings, 11p is taken from the Scottish public services block and 6p from the Welsh one. Can anyone explain why the Government's receipts from the Dartford toll crossings have anything to do with the level of expenditure that we should have on public services in Wales and Scotland?

There is also the issue of prescription charges. Income from prescription charges is included as a negative in the Barnett formula. Some £450 million is raised in prescription charges in England, but Wales and Scotland take a hit for every pound that is handed over in prescription charges. There are therefore all kinds of anomalies in the way in which the formula currently operates.

There are also some quirky things in there. Some £90 million is spent on nuclear non-proliferation and subscription to international organisations. Low and behold, the National Assembly for Wales and the Scottish Parliament get a 100 per cent. consequential on that. When Scotland's First Minister wrote to the 178 embassies and consulates asking for observer status for Scotland on the nuclear non-proliferation treaty, he was attacked by the Scotland Office, which said that that was outside the competence of the Scottish Parliament. It should have had a word with the Treasury, because apparently that matter is part of the responsibility of the Scottish Parliament and the National Assembly.

The Barnett formula is anomalous; it is an anachronism; it is unfair; and it lacks transparency. That is the case across these islands, including for the English regions, such as the south-west, that suffer from it. It is not fit for the era of democratic devolution. We are being treated as branch offices of Whitehall. What of the language that is used—"consequentials"? Decisions are made about English expenditure, which then bind our democratic institutions in Wales and Scotland. That is no way to reflect the era of democratic devolution. We need real accountability. We need a needs-based formula and, yes, we need elements of fiscal federalism as well.

To conclude, I want to ask the Minister whether the Treasury will commit itself to co-operating fully with the first official review of the Barnett formula since it was created, which was announced by the Labour-Plaid Cymru "One Wales" Government, so that we can finally get clarity on the issue, and a clear picture of who, if anyone, gains from the formula and who, including Wales, loses.

3.20 pm

John Robertson (Glasgow, North-West) (Lab): I congratulate my hon. Friend the Member for Manchester, Blackley (Graham Stringer) on securing the debate. I sometimes wonder, when the Barnett formula is mentioned, where I should be coming from, but I think of the old "Carry On" film with Kenneth Williams, when he came out with the line, "Infamy! Infamy! They've all got it in for me!" That would apply to every hon. Member who has spoken in the debate. They have all told us that they live in the poorest area of the world or the universe, that they are hard up and that Scots people are well off. Yet by my figures six of the poorest constituencies in the United Kingdom are in Glasgow. My hon. Friend the Member for Glasgow, South-West (Mr. Davidson) represents one of the poorest areas in the United Kingdom. Yet we are told that everyone else's constituency is just as poor as ours, or worse off. My hon. Friend the Member for Vale of Clwyd (Chris Ruane) mentioned the uneven circulation of money allocated by the Ministry of Defence. Some areas benefit much more than others, including in Scotland and Wales, yet when we talk about the Barnett formula we want to argue about who is the poorest, who is the richest, and who gets money for what.

The agreements were arrived at for a reason. I do not want to give everyone a history lesson, but perhaps I may explain exactly how the Barnett formula came about. The Barnett formula followed on from another formula, which was put in place in 1888, called the Goschen formula. It was based on population, which is why the Barnett formula took a similar approach. Other national characteristics were also taken into consideration. The figures for Scotland traditionally gave a higher level of spending. Why? Scotland contains a third of the British land mass, with isolated islands and rural communities. More than 60 per cent. of the UK coastline is in Scotland. Of the 10 areas with the worst life expectancy in the UK, seven are in Scotland, and six of those are in Glasgow. I have great respect for the hon. Member for Cities of London and Westminster (Mr. Field), and have spoken in many previous debates with him on many Bills, and I apologise for the time when I said that everyone who worked in the City was a crook—it is probably only half of them. But when he speaks of being able to show us poverty only a few hundred yards from here my reply is that I will take him to Glasgow and show him real poverty. We can compare things and see who has it worst.

We appear to have an unholy alliance—*[Interruption.]* It is disappointing.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Would the hon. Gentleman say that about the Irish nationalists?

John Robertson: The hon. Gentleman is saying things from a sedentary position, but I would just remind him of the saying about people in glass houses.

My hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) made a good point. I do not remember a Labour Government, months into their tenure, being called liars and cheats, and being accused of hoodwinking people to win an election, as has happened with the Scottish National party. I do not remember any party getting that kind of treatment only a few months into its tenure. Promises are promises; we do our best and try to work to them. Obviously, that applies only to certain parties in this House, and I am glad to say that mine is one.

Mr. MacNeil: Will the hon. Gentleman give way?

John Robertson: Certainly. I cannot wait.

Mr. MacNeil: Would the hon. Gentleman care to remind us what the 2003 Labour party manifesto said about council tax rebanding? Did it happen?

John Robertson: The hon. Gentleman has obviously caught me at a loss. He may carry the Labour party manifesto about; good luck to him. He obviously gets a lot of knowledge from it. I do not carry every one of our manifestos around, but I do know whom I represent, what a lie is, and what the truth is. I shall stand up for that. Unfortunately, it appears that his party, north of the border, cannot do that these days. [*Interruption.*] I hear from a sedentary position that this is scandalous. I am sure that if I were doing anything scandalous you would tell me to sit down, Mr. Atkinson. If I were telling a lie I am sure that the Scottish National party would want to take me to court.

Mr. Peter Atkinson (in the Chair): Order. I was about to get to my feet to remind the hon. Gentleman that we are debating the Barnett formula.

John Robertson: Thank you, Mr. Atkinson; that is what I am talking about. The Barnett formula was an agreement made between Parliaments down here. When I make an agreement with someone I like to stick to it. If we had stuck to it, and merging had taken place over time as was supposed to happen with the Barnett formula, we would not be having this discussion. However, the Conservative party—whose spokesman will unfortunately speak later—let go of the formula from 1979 to 1992 without doing anything about it. If merging had occurred as was supposed to happen, the Barnett formula might have converged by now, or at least we might be contemplating that in the near future. Once again, a political party unfortunately did not do what it was supposed to. It wanted votes north of the border. Well, it got the votes it deserved, with two Members in the last three general elections. That says it all.

As a trade unionist, which I have been all my working life, I have been expected, by the members whom I have always looked after and supported, to deliver as I have said I would. Those expectations extend to the Barnett formula. The fact is that Scotland delivers quite a lot to the United Kingdom. We also have added problems that other areas of the United Kingdom do not have. We have talked of the rural areas and the highlands and islands, and the poverty in some of our inner cities, which is as great as in any inner city in the world in a nation that professes to be a civilized part of western democracy. However, there is at present an alliance between the Conservative party, which I now call the English national party, because that is what it now is, the Scottish National party, which is well known north of the border as the tartan Tories, and the Welsh nationalists, who, I am informed by my hon. Friend the Member for Vale of Clwyd, who is not in his place at the moment, are called the daffodil Tories. That speaks for itself. *[Interruption.]*

I am somewhat disappointed in nationalist Members. I sat in silence while the Plaid Cymru spokesman did his eight minutes and I never interrupted him with a word. All that they have done this afternoon—and this is a shining example of how the nationalists conduct themselves throughout the country—is shout people down when they do not agree with them.

Mr. Peter Atkinson (in the Chair): Order. I remind the hon. Gentleman that we are discussing the Barnett formula and that we should start the wind-ups quite shortly.

Mr. Lindsay Hoyle (Chorley) (Lab): I think the wind-ups have started. *[Laughter.]*

Mr. Peter Atkinson (in the Chair): Order. Has the hon. Member for Glasgow, North-West (John Robertson) finished?

John Robertson: No, I was about to give way to the hon. Member for Foyle (Mark Durkan).

Mark Durkan (Foyle) (SDLP): I thank the hon. Member for Glasgow, North-West (John Robertson) for not naming my party in the unholy alliance. We are in an age in which the Government talk to us about the importance of evidence-based policy, in which we are told that the focus must be on outcomes rather than just inputs, and in which the Government's priorities are based on equality, equity and meeting need. Does the hon. Gentleman not accept, therefore, that the Barnett formula indeed needs reviewing? It was not agreed between different Parliaments; it was agreed inside one person's head in Whitehall. In terms of providing policy accountability, it does no justice to this Parliament to defend a policy that neither stands the test of time nor meets the needs of people throughout the country whom this Parliament serves.

Mr. Peter Atkinson (in the Chair): Order. The hon. Gentleman should allow the hon. Member for Glasgow, North-West to continue.

John Robertson: The hon. Member for Foyle speaks a lot of sense. In view of the time, let me conclude by saying that, although the Barnett formula might not be the panacea for all this country's ills, it certainly should not be used as the tool to split it up.

3.31 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): It is a pleasure to serve under your chairmanship, Mr. Atkinson. I congratulate the hon. Member for Manchester, Blackley (Graham Stringer) on securing the debate, which has created great interest, as the attendance shows. I compliment him on the way in which he developed his arguments, and it is a pity that the debate has not followed his example and that it has degenerated into a debate on other matters.

We await the remarks of the hon. Member for Runnymede and Weybridge (Mr. Hammond), but a consensus is developing among a number of hon. Members that it is time to review the Barnett formula and the way that it works. That review should consider not only whether the formula should apply to the devolved nations and Administrations but whether it should apply to English regions as well. We in this Chamber can debate whether we represent the richest, the poorest or the most needy communities, but the key issue is not that but our determination to ensure fairness and transparency in the way in which the Westminster Government distribute money.

As has been said, the Liberal Democrats have been in favour of reform of the formula for a number of years. Reform was mentioned in our 2001 manifesto and was included in the Welsh Liberal Democrats' manifesto as well, so support for reform is not confined to English Liberal Democrats in Westminster but is found among Liberal Democrats in Wales and Scotland.

The formula contains an inherent unfairness in that it is based on population, and further unfairness in that the last needs-based assessment took place in 1978, since when things have moved on considerably. Changing populations and population proportions in England, Wales, Scotland and Northern Ireland have implications for the money that is available for the different Administrations. My understanding is that the population of Wales is increasing, but not as quickly as that of England. Consequently, the factor that allows calculation of the formula figures for Wales has decreased in recent years from 5.94 per cent. to 5.84 per cent.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I am listening closely to the hon. Gentleman's arguments. He is right that populations change, but there also are significant demographic changes within populations that can create more demand, especially if there is a large elderly population. If there were a review, there is every likelihood that no extra money would actually exist. Does he therefore recognise that there would be winners and losers if there were a complete review of all aspects, and is that what he thinks should happen?

Mr. Williams: I absolutely accept what the hon. Gentleman says. The thrust of today's debate has been about fairness, and I accept that there will be winners and losers. However, if government is about anything, it should be about fairness, rather than showing undue preference. My understanding is that the Scottish population is actually decreasing.

Mr. MacNeil: No, it is going up.

Mr. Williams: Well, it has been decreasing in recent years, and the increase in the English population has an effect on the Barnett consequential.

Mr. David Hamilton: We have heard examples relating to many places in the south of England, and especially London. If there was a redistribution of a fixed amount of money to areas of dependence, we would have to ensure that places in the south of England that already receive money would not get an increase. Does the hon. Gentleman agree?

Mr. Williams: I accept that point. Whenever a formula is devised, whether for distribution of grants to local authorities by the Welsh Assembly or for distribution to English local authorities, people will debate whether it is just, which factors are relevant and how much emphasis should be put on each of them.

The hon. Member for Carmarthen, East and Dinefwr (Adam Price) made some very telling points. The key is transparency. As he pointed out in great detail, consideration of the bible for the Barnett formula reveals some extraordinary inconsistencies in what is included and what is not. Will the Minister say whether there is any possibility of simplifying the formula's workings, so that there is more transparency and so that people can understand the formula better?

Although the debate is about the Barnett formula, the thrust of the speech made by the hon. Member for Carmarthen, East and Dinefwr was that there should not be a Barnett formula for the English regions, but that there should rather be a proper and just formula for those regions. That is what my party is aiming for in terms of a formula for the devolved nations.

My constituency adjoins that of the hon. Member for Blaenau Gwent (Mr. Davies), and I know the problems that that area faces. At the moment, the Welsh Assembly is planning to set up a national commission to review the Barnett formula. I asked the Secretary of State for Wales whether, if the commission recommended a change, he would press for implementation by the Government or would act as a Government apologist and go back to Wales to explain why review was not possible.

With regard to the setting up of a steering committee to define the commission's terms of reference, it is interesting that the only people on the steering committee are Labour and Plaid Cymru Assembly Members and MPs. Given the "One Wales" approach to government, it would have been better if members of other parties had been included.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I was hoping that the hon. Gentleman would tell us how the Secretary of State for Wales replied.

Mr. Williams: The Secretary of State said that he could do both jobs. We are left guessing as to where he placed the most emphasis, however. Was he Wales' representative in Westminster or the Westminster apologist in Wales?

The hon. Member for Sittingbourne and Sheppey (Derek Wyatt) suggested that a Joint Committee of Lords and Commons should undertake a review. That could be a very productive way forward, but a consensus is growing that something needs to be done to ensure that Westminster money is spent responsibly and fairly, with due consideration to everybody's needs.

3.39 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I congratulate the hon. Member for Manchester, Blackley (Graham Stringer) and all Members who have spoken in this debate. In raising this issue, I recognise that he is representing genuine concerns held by his constituents. I would like to say also that it is a pleasure to have witnessed for the second time in a week a display of fraternal relations on the Labour Benches.

The Conservative party recognises the damage that the perception of unfairness is doing to the cause of the Union. However, let us be clear on what we are talking about. As hon. Members have spelt out already, the Barnett formula was introduced in the 1970s and is still based on a measure of relative need that was last assessed in the 1970s, but since then there have been very significant changes in the structure of the UK's economy and society.

Originally, the formula was an interim measure; there was no legislative scrutiny, and it has no statutory force or democratic mandate behind it. Given that it applies only to increases in public expenditure, its effects are magnified by any acceleration in such expenditure and will also, of course, be emphasised by a deceleration in the growth of public expenditure, as we are now seeing in the comprehensive spending review. Nevertheless, the formula has worked reasonably well for many years.

In my judgment, two things have contributed to the renewed political salience of this issue. The first is that, in the post-devolution world, the money in the block grants that goes particularly to Scotland is able to support visible policy differences, rather than just a different level of funding to United Kingdom-wide policies. The different levels of funding were largely invisible for many years, but a series of announcements on clear differences in entitlement and treatment have tended to inflame that sense of injustice.

There is more than a suspicion that the Scottish National party is now exploiting that sense of injustice to try to ferment separatist sentiment in England. We have seen policies on tuition fees, nurses' pay rises, more generous residential care provision for the elderly, free dental and eye checks, and access to drugs and treatment that are not available on the NHS in England. All of those are "in-your-face" reminders to English electors of the effect of the Barnett formula. The fact that specific commitments in England—Crossrail has been cited—automatically give rise to additional contributions to the Scottish, Welsh and Northern Irish blocks does not help the situation. Secondly, undoubtedly, the broader political questions around the sustainability of the devolution settlement and the imbalance between England and Scotland in the political settlement exacerbate the sense of injustice.

Stewart Hosie: The hon. Gentleman said that the effects of the Barnett formula are exaggerated when increases in spending accelerate. However, because the base line in Scotland for comparable Departments is higher to begin with, and because there is a fixed amount of money, based on the percentage of English increases, going to Scotland, the percentage increase in Scotland is actually reduced because it is an absolute amount. Does he not recognise that, over the long term, that is a convergence formula?

Mr. Hammond: We could probably have a complicated debate about the mathematics, but I do not think that this is the time or place to do that given the time available.

Clearly, there is a legitimate question here that cannot simply be ignored, and it is more complex than some people, such as Ken Livingstone, sometimes like to present it. Let us get the matter into perspective. The figure often quoted in the media is for a £1,500 gap between England and Scotland, but almost certainly that exaggerates the effect, because if we exclude spending on social services, which is not subject to the Barnett formula and is intrinsically need-reflective, the difference is less than £1,000. Furthermore, any alternative system almost certainly would have to be based either on fiscal autonomy—Scottish taxes for Scottish spending—or on an updated needs-based formula applied to all four countries.

It is not at all clear that a needs-based distribution formula would eliminate the differential between England and Scotland, as some appear to suggest, and spending in the English regions, as has been mentioned by a number of hon. Members, varies enormously already, with public sector activity accounting for nearly 60 per cent. of the economy in the north-east, but little more than 30 per cent. in the south-east. So for those of us who wish to strengthen the Union and who are wary, therefore, of the fiscal autonomy solution, it is not clear that a revision of the formula on

[Mr. Philip Hammond]

a needs basis would produce the results that the hon. Member for Manchester, Blackley and others seem to assume.

Let me be clear where the Conservative party stands. We are not considering changes to the Barnett formula, but we recognise a growing body of opinion that questions the settlement. It is legitimate to ask whether the formula, which has served the UK well, is best suited to dealing with the distribution of public spending in the future. That is a long-term question that might well need to be addressed. However, it must be placed in context, which I shall come to in just a moment.

The Exchequer Secretary to the Treasury (Angela Eagle): Will the hon. Gentleman tell us whether it is Conservative party policy to review the Barnett formula?

Mr. Hammond: I have just told the Minister that we are not reviewing the Barnett formula, but that we recognise that a legitimate question is beginning to arise about whether it will remain the best formula for the distribution of resources within the UK.

I am trying to understand where the Labour party stands. In Scotland, apparently Wendy Alexander recognises the need to reconsider the Barnett formula. In Wales, the hon. Member for Carmarthen, East and Dinefwr (Adam Price) has told us that the Labour-Plaid Cymru coalition in the Welsh Assembly is conducting an official review of the Barnett formula. In England, the Prime Minister acknowledges that the formula allows Scotland

"to spend more on schools and hospitals",

but apparently he does not believe that a review is necessary.

The Minister will probably tell me that that is the inevitable consequence of devolution, but to some people it will look suspiciously like one party with three different policies, depending on which electorate it is addressing—something that we are more familiar with from the Liberal Democrats. Will she clarify the position of the Labour party in England, Scotland and Wales, and will she answer categorically the question from the hon. Member for Brecon and Radnorshire (Mr. Williams) about what the Government's response will be to any recommendation from the Welsh Assembly Government on the Barnett formula?

There is no doubt in my mind that the wider need to forge a sustainable constitutional settlement between the four countries of the Union, and the asymmetry of the current arrangements, have exacerbated the perception of this problem. English voters feel not only fiscally, but now also politically, disadvantaged. There is a clear need, therefore, for a constructive Unionist solution to the West Lothian question. My right hon. Friend the Member for Witney (Mr. Cameron) has made it clear that the Conservative party is committed to delivering such a solution; and a working party under my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) will bring forward policy recommendations in due course.

A proper, sustainable constitutional settlement would go a considerable way towards reducing the sense of injustice felt by English voters, and would provide a long-term context for a rational discussion about the future allocation of resources. Do the Government recognise the contribution of the West Lothian question to the sense of injustice felt towards the Barnett formula, and does the Minister recognise that the constitutional settlement within the Union represents unfinished business that needs addressing?

Clearly we will have a debate on that. The hon. Member for Manchester, Blackley, and others, will ensure that we do. We ought to ensure at least, therefore, that it is a well informed debate. To that end, will the Minister explain why no new four-nation needs assessment has been made since 1977? Does she recognise the need for such an assessment in order to inform a sensible debate, and will she give us any hope that something will be done on that front? Will she make a commitment on behalf of the Government to publish data on the comparable block grant spending in England so that we can have an official figure that would be the basis of proper comparable figures between the four countries?

We Conservatives recognise the concerns raised by the hon. Member for Manchester, Blackley; those concerns are legitimate and they are not going to go away. However, ours is a Unionist party and we believe that we should seek solutions to the political and economic question within the family of the Union, solving problems and not using them as a lever to split the Union apart. We reject the approach of those who seek to exploit this debate to promote the cause of separatism. I urge the Government to recognise and embrace the case for a lasting resolution of the West Lothian question as a critical first step to achieving a sustainable, enduring constitutional settlement within which the issues that we have been discussing can be considered calmly without being overshadowed by the spectre of separatism at the table.

3.50 pm

The Exchequer Secretary to the Treasury (Angela Eagle): It is a great pleasure to be here today to discuss this extremely important issue. The Government are committed to improving economic prosperity in all our regions and within them, too, and in the devolved countries. The Government have a public service agreement target to increase growth in the poorer regions and to try to get more growth in areas that have lagged behind in the past. To some extent, I have a great deal of sympathy with some of the points that my hon. Friend the Member for Manchester, Blackley (Graham Stringer) made about productivity and differences between regions.

The longevity of the Barnett formula is a tribute to its effectiveness in determining the allocation of funding expenditure in Scotland, Wales and Northern Ireland and it continues to have some substantial advantages. We have debated some of the disadvantages, some of which are perceived and some real. However, no formula is perfect or above criticism. The Barnett formula has produced distributions of public funds over the period since it was introduced that have been perceived as generally fair and broadly acceptable. The formula has been used by both Labour and Conservative Administrations and it also underpinned the devolution settlements, which were supported by referendums in Scotland, Wales and Northern Ireland.

The Barnett formula has existed for many years, as hon. Members have said, but it is regularly updated. The most recent update was in the comprehensive spending review in October. That version of the formula uses the latest Office for National Statistics population figures produced in the summer, so changes in spending in the CSR reflect the latest changes in population relativities between countries.

The point of the Barnett formula in the first place was to avoid the need for detailed, line-by-line negotiations between Treasury Ministers and their counterparts in Scotland, Wales and Northern Ireland during public spending reviews, which happened before it was introduced. It has provided a transparent, endurable and fairly simple rule for reaching spending settlements without direct negotiation. As hon. Members have pointed out, the formula is written, in all its glory, in "Funding the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly: a statement of funding policy", which is available as published by Her Majesty's Treasury.

There is a widely held impression that the formula is responsible for determining the level of spending per head on services in Scotland, Wales and Northern Ireland. Some colleagues have used those levels as an argument to say that there is unfairness, but that is not so. The formula is a device to allocate to the devolved Administrations a relative population share of changes in planned spending on comparable UK Government Department programmes. It is not used to determine the initial baselines because, as hon. Members have pointed out, they are inherited from the past. It is only used to determine the overall increase in the budgets of the devolved Administrations, and it is for those Administrations to decide how to allocate their budgets to individual programmes.

The Barnett formula does not determine annually managed expenditure, such as devolved spending funded by council tax and business rates, and, for example, social security, which is why sometimes the figures on public spending per head give a false impression of the actual spending. My hon. Friend the Member for Manchester, Blackley argued for a shift away from a population base for public expenditure under the Barnett formula to one based on needs, but failed to recognise or acknowledge that the annually managed expenditure parts of public spending are already needs based, be they allocated through local government grants, national health service expenditure or, crucially, in poorer areas, through social security spending. So a considerable part of the expenditure of public money regionally, which appears in the figures that are often quoted, is already needs based.

Mr. Ronnie Campbell (Blyth Valley) (Lab): Can the Minister tell me what English regions benefit from the Barnett formula?

Angela Eagle: The Barnett formula seeks to allocate increases in what are known as departmental expenditure limits based initially on English departmental allocations and it seeks to ensure that the increases in DEL, rather than annually managed expenditure, are conveyed fairly on a per-population basis to the devolved authorities, which are allocated their spending through a block grant. In England, each part of public expenditure that is departmentally limited is allocated departmentally rather than on a block basis. *[Interruption.]* I have explained that annually managed expenditure, such as social security, that is allocated on a demand basis is not part of the Barnett formula. The formula allocates Department expenditure-limited moneys that are in some ways devolved or not devolved, as the case may be, to Scotland, Wales or Northern Ireland. It is a needs-based formula for financial allocation.

The Barnett formula does not determine annually managed expenditure; its needs-based allocations are included in the limits, which hon. Members used to say that there was unfairness, whereas it distributes only part of total managed expenditure, which is known as DEL, rather than annually managed expenditure.

Graham Stringer: I accept my hon. Friend the Minister's analysis, but does she think it fair that a huge capital project in London transfers money on no basis of need whatsoever to Scotland, Wales and Northern Ireland and not to the English regions?

Angela Eagle: In respect of the Barnett formula, the issue is whether such moneys are devolved or not and, if they are, by what percentage they are devolved. That is the technical mathematics involved in all this. If money is distributed, it is because the policy is nationally determined and therefore the devolved Administrations are allocated their percentage of it on a population basis. It is purely about whether it is a devolved matter or not. Crossrail is not a devolved matter, which is why the distribution was made.

Mr. Mark Field: In relation to Crossrail, it is also important to stress that a significant proportion of the money will come from the private sector and another part of it will come from the London council tax payer. However, I recognise what the hon. Member for Manchester, Blackley said, which is that there seems, at least on the surface, to be some perversity: moneys find their way to the devolved nations, but not to other parts of the UK. It is important that that £16 billion is a headline figure but a significant proportion of it will be coming from London taxpayers and businesses.

Angela Eagle: The hon. Gentleman's point is well made.

The point of this debate is to try to improve the economic performance of all areas of the country, rather than to argue that there is unfair distribution between different regions and countries in the Union. When there is differential need within as well as between regions, the Government are far more interested in improving the economic performance for everybody to ensure that we can maximise economic opportunity. That is why it is important that at the same time as we publish the pre-Budget report, we publish a review of sub-national economic development and regeneration in England, which devolves significant economic power in order to improve economic performance regionally. That has been improving faster in the poorer regions than in the others so I hope—

Mr. Peter Atkinson (in the Chair): Order. We must move on. In fact, we have a timely Division.

4 pm

Sitting suspended for a Division in the House.

4.15 pm

On resuming—

Housing (Northampton)

Ms Sally Keeble (Northampton, North) (Lab): I am pleased to have the opportunity to debate housing in Northampton, which is the largest town in the UK and one of its most successful. It is in the Government growth area and has a successful economy, an incredibly high level of employment and a high level of home ownership. Most people in Northampton aspire to home ownership, and until recently house prices were low enough to make it a realistic option for almost all working families. Government plans for the growth area include the provision of 37,000 more homes, one third of which are to be affordable and a quarter to be social housing. All that is successful and should continue to be so, with people buying decent quality homes and building solid communities in which to bring up their families. That is what makes my constituency so special and puts the values of people there at the core of our country's success.

What I wish to deal with in the debate is different, however: the provision of social housing by Northampton borough council—some 13,500 housing units in total, including a big block of new town housing from the previous big planned growth in Northampton in the 1970s. As every hon. Member knows, good-quality social housing is central to the well-being of some of the more disadvantaged people in our constituencies. All of us deal with housing issues at our advice surgeries and visit the estates in our areas. We all know the hardship caused to people if they are homeless, if their homes are in disrepair, if they do not get the aids and adaptations that they need or if their estates become plagued by antisocial behaviour.

In my constituency, over 12 years of campaigning first as a candidate and then as an MP, I can honestly say that I have seen a real deterioration in the quality of life of many of my constituents in council housing. That has been despite the Government's commitment to the decent homes standards and to driving up council performance, and it has happened under all types of political control. When I first became an MP, we were in control at the Guildhall and there were some difficulties. Then in 2003, the Conservative party got minority control of the council and, to my surprise, things went downhill seriously. In the most recent elections, the Liberal Democrats got majority control, and things have got considerably worse to the extent that housing now far outstrips everything else in my constituency case load.

I wish to emphasise that the problems are not because of the shortcomings of individual staff, who mostly do a good, straightforward job, but because of the council's strategic management and leadership. I am sure that my hon. Friend the Minister will point to the most recent comprehensive performance assessment report, which shows some improvements. However, the main improvement is what the report calls "stronger political leadership", which, to be honest, is to a great extent an obvious result of having a majority party administration as the result of one party getting an outright majority at the council elections.

The reality for my constituents, who depend on the council's housing services, is that things have got much worse. Over 10 years, the council's housing stock, which should have improved under the national decent homes programme, has simply got 10 years more dilapidated. Homeless people have been driven into the inadequate private sector of rented housing; people with special needs, such as domestic violence victims or those waiting for aids and adaptations, have gone unheeded; and antisocial behaviour, which is the ultimate plague of badly managed housing stock, has made life a particular misery on some estates. The most recent assessment of housing services by the Audit Commission found that Northampton provided a poor housing service with uncertain prospects for improvement. Uncertain the prospects were indeed, because they have not improved.

On disrepair, the council's housing stock condition survey found that about a third of the borough's housing was in need of improvement to bring it up to the decent homes standard. However, the CPA's overall assessment of the council's performance found that although it had identified funds to bring the properties up to standard, there was a "very high risk" that the council will fail to meet the decent homes standard by 2010. It also found that although the council had made regular statements that its ambition is to achieve the decent homes standard, they amount to aspirations and not realistic, robust and deliverable objectives.

Between 2004-05 and 2005-06, the number of council properties that were deemed unfit fell by only 3 per cent. from 28.7 to 25 per cent. By my reckoning, therefore, it will take a further eight years to achieve the decent homes standard, which well misses the Government's targets. That does not take into account the fact that some of the property is deteriorating at a substantial rate without receiving any kind of planned maintenance check from the council.

We are now less than three years away from the 2010 decent homes target. The experience of my constituents, which is reflected through my advice surgeries and my visits to their homes, is that some properties are deteriorating very quickly. The upgrading programme taking place up and down the country, which my hon. Friend the Minister must see when he looks at housing programmes, is simply not happening in Northampton. People come to my advice surgeries carrying plastic bags with belongings covered in green mould. On one estate, a woman, her husband and two children are unable to use one of their two bedrooms because of the damp and have had to throw away clothes affected by mould.

I cannot tell you the number of times, Mr. Atkinson, that I have visited homes to see the extent of the disrepair to find water pooling on floors and walls covered with mould. On one estate, I found little stalactites and stalagmites growing in the walkways as a result of long-term structural disrepair. In one home, I knelt down on the carpet to look at some mould on the wall in a corner of the room. When I got up, my clothes were soaking wet, as the carpet was completely sodden. Some properties are permeated by the smell of damp, and parents complain that their children have chest infections.

On one estate, partially completed repairs programmes had left serious holes and disrepair that had not been dealt with for many years. In the eastern Newtown district, major improvements are needed to housing that was not particularly well built to start with and that has deteriorated markedly in the past decade. Substantial reconfiguration is also needed.

In other parts of the country, it has been well recognised that estate design can contribute greatly to problems of crime. Steps have been taken to remove rat runs, block off walkways and provide people with defensible space around their homes. Recently, councillors have been told that emergency repairs only will be carried out because of the need to focus on reducing the number of voids. Emergency repairs are extremely inefficient because they mean that planned maintenance does not get done. If they are dealt with on a call-out basis, they are also extremely expensive, which leads to a reduction in the number of repairs that are completed.

Another big problem is that of homelessness. The CPA assessment of the housing department commended the council's housing and money advice service. Indeed, I used to refer homeless constituents to that service. Unfortunately, it was closed down, and homeless applicants now simply get referred to a general one-stop shop. The results for people with some of the most complex needs are truly appalling. Women who are fleeing domestic violence do not want to set out their concerns over a general counter in front of whoever else happens to be there. Therefore, they do not get the priority that they should be accorded under our homelessness legislation, which was hailed as such a milestone in supporting homeless people and in tackling real social problems.

Housing options interviews, which should be carried out after needs assessments to see if people can be housed in the private sector, are being used crudely to direct people into private sector housing that they cannot manage. For example, a pregnant and homeless 16-year-old girl who had spent a week applying for housing and being sent off to stay with friends for the night was then put into a bed-and-breakfast hostel in the red-light district. However, the hostel did not provide breakfast and the girl had a packet of Coco Pops in her little room, which she ate before she set off for school. She was then offered a two-bedroomed private rented flat, but her housing benefit would not cover the rent. I do not know how a young girl, newly homeless and pregnant and still at school, was supposed to manage a six-month tenancy without security of tenure and without the necessary money to pay the rent. There appeared to be no joint working with other agencies, so the girl's midwife had no idea where she was. Her school, which could not get any response from the council, contacted me.

Recently, a young girl who had fled domestic violence with her child applied for housing and was told that she was intentionally homeless. She did not know how to get a review or how to appeal the decision. She moved in with her parents and has now ended up in a six-month tenancy with her parents having to pay the deposit and about a third of the rent each month. That type of position is not financially sustainable and puts the young woman and her child in a revolving door of homelessness.

People suffering racial harassment have an equally difficult time in getting the type of professional support that I had thought was now routine. For example, a woman of Somali origin has had her car attacked and has been followed to the shops by a gang of youths who shouted racist abuse at her and her eight-year-old child. When she went to the council, she was told that it would be years before she could get a move.

I note that the 2006 inspection report criticised the housing department's record on diversity, yet with an increasingly diverse community, it is even more important that systems are in place to ensure that this dimension of housing is given due attention. That includes the need to provide proper support for people with disability needs. I recall one woman who came to see me because she had been promised a stair lift, two years before, so that she could get upstairs to the bathroom. Meanwhile, she was still sleeping in her front room in which she had a commode, and she washed in the kitchen sink.

We all know that estate management contributes to antisocial behaviour. An area that is run down, in which the planting is not maintained, the footpaths are not cleared and graffiti is left in place, attracts vandalism and crime. That is especially true in the eastern district of my constituency, where there is a major need for improved estate management, particularly of tree growth. The enthusiastic landscape planners who designed the estates planted too many trees and the wrong type of trees. They have confessed to that now. The result for many people is not enough light coming into their homes, and damp and damage from tree roots. In one instance, a branch fell on to a family's home and demolished a child's bedroom—fortunately during the daytime. It also means there are a lot of overgrown areas that harbour vandalism and antisocial behaviour.

On the Blackthorn estate in my constituency, the residents campaigned to get improvements and got the then Labour-controlled council to set up a special multi-agency project to tackle antisocial behaviour. That included blocking off rat runs, providing play areas in empty spaces and managing some of the more difficult tenancies. They found that a quarter of all local crimes were committed by children from one single family. People should not have to tolerate that type of severe antisocial behaviour from council tenants without the council taking action to enforce the tenancy conditions and ensure that people behave in a reasonable manner towards their neighbours. What happened on the Blackthorn estate shows what can be done if action to tackle antisocial behaviour is taken by all the agencies, not just the police, particularly on housing management. In cases in which a service is deteriorating, people plead a lack of resources, yet there are wasted resources in the council's area.

There are three hostel-type units for single people in my constituency. They are completely counter-productive. Local authorities have a responsibility to advise and assist but, ultimately, not to house single people unless they are in some other way vulnerable. The duty is to house people who are vulnerable, in particular families with children.

The three hostels have become havens for some of the most appalling antisocial behaviour, drug dealing and violence. In many of the bedsits, the single tenants have long since become families. It is not unusual to find a couple and their child or even children living in a tiny bedsit. Successive council administrations have failed to take action over the hostels, in particular to convert them to family housing.

[Ms Sally Keeble]

We are now 10 years into a Labour Government and just under three years off the target date for the decent homes standard programme, yet the reality for many of my constituents in Northampton who are dependent on the council for housing is that they find themselves trapped in steadily decaying housing stock. Those who look to the council, as they are perfectly entitled to do, for support and help and also housing find that they are turned away or life is made very difficult and they are refused help.

Over the years, the council has shed many of its responsibilities. It lost its road maintenance service, which was taken back by the county council because of the borough's poor performance. It lost its planning functions to the West Northamptonshire Development Corporation, which now also manages regeneration. It seems recently to have lost two of its major public events to the local rugby club. Housing is one of the few functions remaining to it, and it is easily the one that is most critical to the well-being of my constituents. I therefore ask the Minister to ensure that the regional office intervenes quickly and decisively to get improvements in housing services for my constituents.

The window of opportunity for large-scale public sector investment in social housing is likely to close without my constituents seeing any benefit at all. The target date for the decent homes standard programme will have come and gone, but the council will still be arguing over whether repairs and housing services should be run from one depot or another. My constituents cannot continue to wait indefinitely. The excuses have been that elections were just coming up, or that a new chief executive was just starting, yet two council elections have come and gone with changes of control, and two new chief executives have come and gone.

Frankly, I do not think that my constituents should have to wait any longer. In 21st century Britain, it is completely wrong that people should have to live in homes where green mould grows on their belongings, where they cannot walk across the estate without their child being called all the racist names under the sun, or where they have to go for months without a bath because they have no way of getting upstairs. I completely recognise that it is down to the council to deal with such problems, but, at the end of the day, the Government also have a responsibility to ensure that people get decent housing, as is their right. In this case, the council either cannot or will not get its houses in order, so I ask my hon. Friend to ensure that the regional office intervenes in the interests of my constituents.

4.33 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): As a fellow north-eastern MP, it is a pleasure to serve under your chairmanship, Mr. Atkinson. I congratulate my hon. Friend the Member for Northampton, North (Ms Keeble) on securing this vital debate and on continuing to raise this crucial matter. Her commitment to housing in Northampton is shown by the fact that she has chosen to raise it for the second time this year. She had a debate on the topic in the House in March. I welcome the fact that she is a dedicated and assiduous Member of the House on behalf of her constituents.

My hon. Friend raised graphic—indeed, distressing—points, and I hope to cover many of them. Frankly, her first-class contribution also raised many wider issues about national policy, which I also hope to address in the time available.

Only last week we introduced the Housing and Regeneration Bill, which will help to deliver the Government's pledge to build 3 million new homes in mixed and sustainable communities by 2020. My hon. Friend used the expression "solid communities", which is a good turn of phrase. I shall continue to use it from now on, because it is very appropriate.

The Bill will help to address the shortage of affordable housing for first-time buyers and families, make new housing greener to tackle climate change and give social housing tenants a better deal. It will establish the new homes and communities agency, remove barriers to councils building their own social housing and make rating against the code for sustainable homes mandatory for new homes.

The Bill will also give tenants more choice and a stronger say over how their homes are managed by establishing a new social housing regulator, Oftenant, which will give tenants a stronger say in stock transfer decisions by making a tenant ballot mandatory and by giving local authority tenants greater powers over options for the future management and ownership of their homes.

I appreciate that, as the Bill stands and as we take it forward, there will be no provision for the social housing regulator to take on board local authority-owned stock, but the direction of travel set by the Government is clear on that. We hope to move towards it within two years. It is not in the Bill because of the differing performance management frameworks and the need to consult, but I hope that my hon. Friend will take some reassurance from the direction of travel and from the provision for tenants to take greater action over failures to manage property. That is a good step.

The Bill will also implement changes to improve the way in which housing services are provided, including creating a level playing field for members of the armed forces applying for local authority housing, and improving the operation of the right-to-buy scheme. Many of the proposals will have a direct effect on my hon. Friend's constituents in Northampton, North, and I hope that the Bill will be the background to future housing improvements in the town.

Another vital policy area that is already having an effect on my hon. Friend's constituents and that now falls within my direct responsibility is the Milton Keynes and south midlands growth area. Indeed, I attended my first meeting of its inter-regional board in my new role as chairman only last week. It was held in Bedford. Through that role, I look forward to getting out and about in the sub-region. I hope that I will be invited to my hon. Friend's constituency to meet people on the ground and hear about their experiences. I shall take the opportunity to find out about their growth plans, see what they are delivering and hear about the challenges that they face.

It is vital that local authorities, regional assemblies, regional development agencies, local delivery vehicles

and all the other partners in the sub-region work together on common problems to find common solutions and make the best case for the area. In my time as chairman, I will support the board but also challenge it to provide the housing that the people of Northampton and the wider area need and deserve.

At the meeting last week, I was impressed by the amount of energy, ambition and positive feeling that I witnessed. Such ambition is needed to ensure that we create places where people will want to live. I am keen to ensure that growth has a positive effect on the lives of the existing residents in areas such my hon. Friend's constituency.

Tomorrow, I shall speak at the second annual Milton Keynes and south midlands conference in Kettering. I will take the opportunity to emphasise the challenge that faces the sub-region, and to pledge my support to champion what people in the area seek to achieve. This is a time of great promise and opportunity for Northampton, North. I want to ensure that my hon. Friend's constituents have housing that is as decent as possible.

On the specific issues raised by my hon. Friend, I thought that it might be useful if I provided an update on the progress made in the areas that my right hon. Friend the Minister for Housing promised to look into during the debate in March. On the wider question of the supply of decent homes, the authority is being encouraged to take a broader view and to use the opportunity and resources provided by the growth agenda to help invest in existing stock. An event to look at the wider picture afforded to the authority by Government policy in the post-Green Paper agenda will be held in December.

On the subject of Northampton borough council's review of its own stock, it has commissioned an asset management strategy to look in detail at the stock condition and the wider factors for each separate area of the town. I understand that good progress has been made in preparing that strategy, and that work will be used to develop the repairs programme for the next three years. It will be introduced at the beginning of the next financial year, and is, as my hon. Friend rightly said, vital for her constituents.

My right hon. Friend the Minister for Housing also tasked the Government office to work closely with Northampton to improve its housing services before the next Audit Commission inspection, so I was particularly concerned to hear about the failure to improve housing repairs. I understand that since the March debate, Northampton borough council has commissioned an independent report into the efficiency of its direct service organisation, which includes the housing repair service. That will inform changes to the service, and the housing sub-board—I shall come to that in a moment—has continually emphasised the need for improvement in that area. A number of immediately implementable improvements were identified during the report's preparation, and I understand that they have been implemented.

Ms Keeble: I understand that just this week the council agreed to do only emergency repairs, which is catastrophic in trying to obtain proper, sustained improvement to housing stock. It is also a big waste of money.

Mr. Wright: I agree. My hon. Friend is right to say that we should focus more on planned maintenance, as opposed to emergency maintenance, for a range of reasons. It provides greater reassurance to tenants, and is better value for money. If I may, I shall take that away and see what is going on with the emergency repair service.

The work that my right hon. Friend challenged after the March debate has been carried out through the involvement of the Government office in the housing sub-board, a group that was set up to support and advise housing staff as they implement their improvement plans. The board is made up of a chair with experience of working with registered social landlords, a chief housing officer from a neighbouring authority, and representatives from the Government office for the east midlands and the housing inspectorate. The group has instigated a number of initiatives, including a comprehensive service improvement plan. Since the last debate in March, seven meetings of the housing sub-board have been held to measure progress and to challenge the performance of the authority.

The initiatives in the improvement plan include a review of the services provided on housing estates—my hon. Friend rightly mentioned the importance of that—the previously mentioned asset management strategy, and the development of monthly performance clinics. At those clinics, individuals in the housing service are challenged on performance and results are reported back to the sub-board. Throughout the meetings, the board has emphasised the need for the authority to increase the pace of change to improve services for tenants, and will continue intensively to support and challenge them. I understand that a further Audit Commission inspection has now been scheduled for May 2008.

I am conscious of the time, Mr. Atkinson, and do not think I can get through all the points that I want to cover. If my hon. Friend will allow, I will write to her setting out the clear framework that I understand is taking place.

My hon. Friend made an interesting point about homelessness. Northampton has used a homeless prevention fund to stabilise clients at risk of homelessness, and to underpin joint working to help people retain their homes. A proportion of that fund underpins their work with victims of domestic violence, as she rightly pointed out. That sanctuary scheme enables people to make informed choices about their future plans and to feel safe while retaining their family homes if they choose to do so.

Helping people to move through supported housing to independent living has been identified as an area in need of improvement, as my hon. Friend said. The council and its partners are working with my Department's homelessness directorate and its officials, and will meet on 6 December to finalise the action plan and to formalise the joint working that is necessary to improve the service. The event will look specifically at youth homelessness and clients with mental health and complex needs as those groups are particularly at risk of repeated homelessness. The Department will also share best practice with Northampton.

Ms Keeble: When the Minister considers youth homelessness, will he also consider young women, particularly those who are pregnant?

Mr. Wright: I take that on board, and will instruct my officials to do so.

I want to comment briefly on my hon. Friend's point about the request to intervene. As she said, we are on to the third new chief executive, who is providing better organisational capacity and is improving the morale of staff, who are hard working and hard pressed. We must allow time for that to be done. She made an exceptionally fantastic point about the dire need for strategic political leadership. That is not being provided in the council, but I pay tribute to her work as the Member of Parliament for that area to ensure that the strong political leadership that her constituents deserve is provided.

Dyfed-Powys Police

4.45 pm

Mark Williams (Ceredigion) (LD): It is a pleasure to serve under your chairmanship, Mr. Atkins, after what has been a marathon day for issues affecting Wales.

Adam Price (Carmarthen, East and Dinefwr) (PC): It has been Welsh day in Westminster Hall.

Mark Williams: Indeed, it has been Welsh day in Westminster Hall with debates on Welsh ports, the Barnett formula and now the critical issue of police funding as it affects Dyfed-Powys. I am delighted to have secured this debate as we move towards publication of the policing grant report.

It would be inappropriate to comment on the sudden retirement of the force's chief constable on Monday evening because investigations are continuing, and I do not propose to go down that route, however much the media might suspect my motives for the debate.

I pay tribute to the continuing success of Dyfed-Powys police in providing a widely respected police presence. It is assessed as performing well in challenging circumstances, and in particular it has established a reputation in UK policing as a leader on child protection issues, and that deserves recognition.

The Minister does not need reminding of the area covered by the force, and the number of Members on the Benches around me indicate that it covers the largest police territory of any force in England and Wales. It covers Brecon and Radnorshire, Montgomeryshire, Carmarthen, East and Dinefwr, and other constituencies. That is more than half of Wales's land mass, and parts of the area are sparsely populated. Despite that challenge, the latest police performance assessment gives Dyfed-Powys police an "excellent" mark in three out of seven categories, and a "good" mark in a further two categories. There is no doubt that the force has a record to be proud of. It is ranked joint 3rd-4th of all forces in England and Wales, and comes top of the family of rural forces. It has the highest detection rate per 1,000 population of any force in the UK, and the lowest crime rate.

One of the force's excellent marks is for the category of resources and efficiency, in recognition of its impressive work in modernising its work force, ensuring that civilian staff rather than officers handle the more administrative side of the force's work. Much remains to be done, but the force has made great progress. The force was at the forefront of the move to employ civilians to run custody suites under the management of a custody sergeant, and the local feeling is that that has been successful. Civilian staff at its communication centre are complemented by six officers working in different sectors, in contrast with other forces where a much greater proportion of officers work in call centres.

The force is ahead of the game in many ways. It has engaged in collaborative projects with other Welsh forces, so that, where appropriate, resources can be pooled and efficiency savings made. The four Welsh forces have a formally constituted committee, the Police Authorities of Wales, which provides governance for a range of collaborative activities. On serious and organised crime, and on counter-terrorism, the four

forces are already sharing information and practices. The Tarian centre is well known for its effective work. The point is that while there may be opportunities for efficiencies in support services, they are limited in comparison with efficiencies that other forces might make, because they have already been made.

In providing the background to the debate, we must not underestimate the huge expense and manpower commitment that the four Welsh forces were forced to undertake following the Government's abandonment of their plans to merge those forces into one. According to figures provided by the Police Authorities of Wales, when that policy was abandoned in July last year, some 30,000 hours of police officer work had been wasted in preparation, and, according to Rhodri Morgan, the First Minister, about £1.5 million was spent in the process. There are other cost pressures on the force. For instance, the Assembly Government's decision to phase out the rural relief scheme and to replace it with a small business scheme will mean extra costs of some £100,000 for the force.

The Minister will agree that Dyfed-Powys has a remarkably successful history of participating in the fight against serious and organised crime and in counter-terrorism through collaborative work, while keeping its focus fundamentally on good-quality rural policing. The police have done good work on developing their neighbourhood strategies, the problems of which are compounded by the huge challenges of rurality. When I talk to police officers, as I did in my constituency in Aberystwyth on Monday, I hear of the vast distances that neighbourhood police officers have to cover. The fear—the perception on the ground—is that, far from delivering neighbourhood policing more effectively, the police will have to retreat from it.

Mr. Roger Williams (Brecon and Radnorshire) (LD): I concur with my hon. Friend on the police's work and on neighbourhood beat officers—similar things are developing in my constituency. The one disappointment is that we do not have enough community support officers. They were promised to the force, and people would have more confidence that they could go about their daily lives without fear of interruption if more officers were visible.

Mark Williams: I am grateful for that observation. There are limitations to the kind of services that such officers can provide—in my constituency, they cease work at about 10 o'clock at night—but they can make an immense contribution, particularly to public perception because of their visibility on the streets and lanes of our constituencies. Certainly, there is a perception within the Dyfed-Powys police authority that it was short-changed to the tune of around 15 officers. Approaches were made to the Home Office, which, to its credit, gave more money, but it was not enough and there is still a significant shortfall.

The comprehensive spending review has frozen the Home Office budget in real terms—there is no doubt that there is a tight settlement. If the funding grant were calculated this year as it has been in previous years, the authority would undoubtedly have to make some tough choices. We are arriving at the central reason that I organised this debate, namely, to question whether, in the context of such a tight spending round this year, it is the right time for the Government to propose changes to the police funding formula that could remove vital funding lines for rural services for forces such as Dyfed-Powys. A Department for Communities and Local Government consultation proposes folding the rural police grant into a general grant and tapering the floor grant over the CSR period. The authority estimates that, taken together, those things will mean a loss of £6.5 million per annum by the end of the review period, which is equivalent to 150 police officers.

Adam Price: The hon. Gentleman will recall that when the Dyfed-Powys police authority came here to brief the region's Members, it expressed concern about how the consultations had taken place and the fact that the Welsh police authorities were initially left out. It was also concerned that some of the changes were proposed because data were not available and were not factored into the Welsh figures. That is no fault of the Welsh police authorities, it is simply that there are no statistics.

Mark Williams: We might not be in the same party, but we were at the same meeting and share the same concerns. Dyfed-Powys perceived that it had been marginalised in the process, which is ongoing, and we expect a report fairly soon. Some of the data and criteria for judging those matters are inapplicable to the areas that we aspire to represent.

The authority is concerned at the loss of 150 police officers. Given that the authority has only limited scope to make further efficiency savings, there could be a problem for rural policing in Wales. When the rural policing grant was introduced in the late 1990s, there was cross-party acceptance of the need to recognise additional cost pressures faced by rural forces. Let me assure the Minister that those cost pressures still exist—indeed, because of rising fuel prices, for instance, the pressures are greater still. If the rural policing grant is removed, rural forces, of which Dyfed-Powys is the largest, will find themselves in a dire budgetary position. In all the scenarios presented before the ongoing consultation, Dyfed-Powys would face major deficits.

Lembit Öpik (Montgomeryshire) (LD): Does my hon. Friend agree that it feels almost as if Dyfed-Powys is being punished for having such a good record on keeping crime down? Does he also agree that people who live in sparsely populated areas have every right to expect their service to be maintained, whether in Montgomeryshire or Ceredigion? At the end of the day, their demands are not great, and they have been well satisfied until now, but they are concerned that services will be cut back even from their current levels.

Mark Williams: I use the term "rural entitlement". Whichever part of Wales we work or live in, we have the same rural entitlement in principle. Frankly, I am fed up with my constituents complaining to me about alleged operational decisions that are forced on Dyfed-Powys police force by the inadequacies of current funding, which, if things continue, will become far worse.

[Mark Williams]

The floor grant was introduced in recognition of the fact that the current funding formula was unfair and in need of review. If a taper is introduced in the context of such a tight settlement, it will increase the difference between funding for different forces. The exemplar provided in the DCLG document revealed that shire police authorities in England would lose between £4.3 and £10.7 million, which indicates the scale of the loss that Dyfed-Powys would face.

That brings me to the wider point made by the hon. Member for Carmarthen, East and Dinefwr (Adam Price) about the inadequacies of the consultation with Welsh police authorities. The fact that I must look at exemplars referring to the English shires rather than practice in rural Wales is of great concern. There is a statutory requirement for Government to consult police authorities on any change in formula grant distribution, but copies of the consultation were not sent to Welsh authorities, and the exemplar work excludes Wales. That cannot be right.

When Dyfed-Powys queried the matter with the Home Office, it was told to send submissions directly to the Home Office as opposed to DCLG. Wales has been totally overlooked throughout the process, and I hope that the Minister will recognise that and ensure that it never happens again.

In the face of what are expected to be no better than flat-rate increases for UK police forces overall, expected efficiency targets and substantial cashable efficiency targets, Dyfed-Powys is likely to face significant budgetary pressure. Unless the authority gets increases of more than 4.5 per cent per annum, it predicts that baseline services will be reduced.

The Minister and the Department have in the past acknowledged the need to reform the police formula funding methodology, which I would support. We need a more transparent, open and wholesale review of the process, involving all police authorities in England and Wales. Such a review would look at the accuracy and appropriateness of indicators, which relates to the point made by the hon. Member for Carmarthen, East and Dinefwr. It should ensure that the data it uses are available across England and Wales. For instance, the log of bars per hectare measure discriminates against a rural area; why not use a log of bars per 100,000 population? Indicators on economic migration are also inadequate. In my village, just north of Aberystwyth, the population multiplies by five in the summer months. That needs to be factored in.

In previous years, the council tax precept has borne the brunt of budget shortfalls. In 1998, the precept made up 15 per cent. of Dyfed-Powys's budget; it now makes up 35 per cent. of the funding needed to maintain the force.

Those problems exist without the proposed funding formula changes. I might be repeating myself, but it is critical to ask whether, in the context of such a tight spending review, it is time to scrap the rural policing grant and taper floor support following such minimal and inadequate consultation with Welsh forces.

Dyfed-Powys police authority has told me that the scale and impact of the proposals will be completely devastating to the force—a force with such an impressive record. On that sad and sobering note, I look forward to what the Minister has to say.

5 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): I congratulate the hon. Member for Ceredigion (Mark Williams) on securing the debate and on the measured but powerful way in which he made his case, which was extremely helpful. He has some of the other Welsh Members from the area with him, including the hon. Members for Carmarthen, East and Dinefwr (Adam Price) and for Brecon and Radnorshire (Mr. Williams). May I also say how much I welcome the hon. Member for Montgomeryshire (Lembit Öpik)? He and I have spent many hours together in various Northern Ireland Committees and on various pieces of Northern Ireland business. I am very pleased that all those hon. Members are present. They are all assiduous in campaigning for their constituents. Whatever the political differences between us, the reason that they are all here this afternoon is to do what they can to ensure that their constituents have the best possible service. I commend them for that, particularly the hon. Member for Ceredigion.

I shall start by setting out the context and the existing situation. Since 1997, the Dyfed-Powys police force, like every other police force in England and Wales, has received substantial and significant increases in Government grant. In the past decade, Dyfed-Powys has seen a 20 per cent. increase in real terms in central Government grant. That is a huge investment in local policing. Dyfed-Powys police force is receiving £51.8 million in general grant this year—an increase of 3.6 per cent. from 2006-07. That is in line with the broadly flat rate increase of 3.6 per cent. for all forces in England and Wales. On top of the general grant, Dyfed-Powys will receive about £13 million from a range of other Government funding.

I appreciate that the hon. Gentleman recognises that the product of that significant investment from both central and local resources is clear. On 31 March this year, Dyfed-Powys had 1,177 police officers, compared with 1,005 10 years ago—an increase of 172, which is 17 per cent. The number of support staff had grown from 322 to 594—an increase of 272, which is virtually 85 per cent. All those extra support staff help to release more officers for front-line duties, where we all want to see them. They are also supported by 77 police community support officers.

I very much welcomed the intervention by the hon. Member for Brecon and Radnorshire. PCSOs will do sterling work not only in the constituency of the hon. Member for Ceredigion, but in constituencies in the rest of the Dyfed-Powys area, the rest of Wales and, indeed, in England. We need to demonstrate continually our support for them. They do a different job from that of police officers, but they do an excellent job, for which I am sure that most of our constituents are very grateful, so I am pleased that the hon. Gentleman intervened on that point.

Let us not focus just on inputs. In 2006-7, total recorded crime was down, violent crime was down and burglary was down from the year before. Like the hon.

Member for Ceredigion and the other hon. Members, I pay tribute to all those in Dyfed-Powys police whose efforts have contributed to that.

Dyfed-Powys police have been supported by the funding floor for many years to ensure that they have had year-on-year increases in grant. This year, Dyfed-Powys police are receiving £4.5 million more than their strict police funding formula allocation. Part of that additional money comes from grant that would otherwise go to South Wales police, but the vast bulk of the support for Dyfed-Powys—£3.6 million—comes from additional money provided by the Home Office from outside the general grant settlement.

I have set all that out to establish the context and to make clear the situation of Dyfed-Powys. However, I know that the hon. Member for Ceredigion is keen to look to the future. As the hon. Member for Montgomeryshire will know, normally I try to answer specifically the questions that are raised, so I apologise that I cannot be as specific today as I would normally be in such a debate. I hope that the hon. Member for Ceredigion will find in the future that when I answer questions as a Minister, I actually try to answer the question. However, I cannot do that at present, for which I apologise. He will appreciate that we will be announcing very shortly details of the police funding settlement for the next three years, so I cannot give details today, much as I would like to pre-empt that announcement. Obviously, he would like to know about all of that.

Mark Williams: I very much hope that the spirit of the debate is a continuing dialogue between Dyfed-Powys, the Home Office and hon. Members. Would the Minister be prepared to accept a delegation from Dyfed-Powys police authority and perhaps a cross-party gathering of the MPs for the area to express concerns and hear some of the straight-talking answers to which he has referred? We would very much appreciate such a dialogue with him.

Mr. Coaker: I am always happy to meet hon. Members and their constituents. I shall talk to my right hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing about that, but certainly I would be prepared to meet the hon. Gentleman, his parliamentary colleagues and some of his constituents to discuss these matters.

The hon. Gentleman referred to the three-month consultation on formula grant distribution that took place over the summer and closed in mid-October. The consultation was preceded by several meetings of the police allocation formula working group, a Home Office-chaired group that includes representatives from the Association of Chief Police Officers and the Association of Police Authorities, which considered possible changes to the funding formula. I will say, slightly defensively, that one member of the group was the director of finance and resources for Dyfed-Powys, so the hon. Gentleman can be sure that the interests of his local force were properly represented in that forum.

We received responses from most police forces or authorities, including from three of the Welsh forces, which I hope provides some reassurance that the consultation included consultation with and representations from Welsh forces. We have considered very carefully the representations from all police stakeholders received in response to the public consultation. That includes the representations from the Welsh forces, including those from the former chief constable of Dyfed-Powys. We have noted his concerns, particularly about sweeping rule 2 grants, which are specific to rural policing, into the general pot. As the hon. Gentleman pointed out, the Dyfed-Powys police force has a particular interest in the rural policing fund. That is not surprising, because with 4,225 square miles, it covers the largest area of any force in England and Wales.

Let me be clear: the purpose of the consultation paper was not to disadvantage rural authorities. Our intention was to take the views of the police service on a range of options. One of those was to ensure that we were using the most up-to-date data in calculating the police funding formula. The hon. Gentleman and his colleagues talked about ensuring that we use the correct data.

The other option concerned ways to convert funding from specific grants, which can be used for a specific purpose, to general grant, which can be spent at the discretion of police authorities. As the hon. Member for Brecon and Radnorshire said, there is a tension between grants for specific purposes, which in many respects people like because they say that the money goes to an earmarked pot—a specific thing—and the representations that we often receive from the APA and chief constables that that money should not be ring-fenced, and that it should all be put in a general pot so that it can be used in the way that they feel is appropriate in their local area. There is a balance to strike between those two positions.

Lembit Öpik: The Minister will understand that there is a particular concern in a rural area such as that covered by Dyfed-Powys police. We are worried that if we do not have that ring-fenced money we will lose out overall. We tend to feel a bit discriminated against for being rural. With huge areas being covered by a few police officers—from Welshpool to Machynlleth in my case—we think that we will continually have to cut back without that money. What assurances can the Minister give us that that will not be the case?

Mr. Coaker: The only reassurance that I can give the hon. Gentleman is that we have heard the point about the importance of the specific grant for rural policing for the huge areas of Dyfed-Powys and of some other forces in England and Wales. We have heard the representations, and we are considering them alongside others.

Hon. Members will have to wait until the police funding settlement announcement for the Government's conclusions on the matters about which we consulted. However, in order to reassure the hon. Gentleman, we are not going to implement changes that would jeopardise the stability of the entire finance system for police authorities. As in previous years, the settlement announcement will be followed by a six-week consultation period, and that may be when we should have the meeting that was referred to earlier. We will, of course, take account of any further representations that he or his hon. Friends may wish to make; there will be a further opportunity for the hon. Gentleman to represent his constituents.

[Mr. Coaker]

I know that the hon. Member for Ceredigion is interested in the impact of local tourism, and that he recently tabled parliamentary questions about the use of a tourism indicator. There is little more I can add. The current formula was consulted on in the summer of 2005, and introduced in 2006-07 after a comprehensive review in which representatives from ACPO and the APA were involved. The review concluded that there was no accurate measure of tourism impacts, and it therefore did not include them in the new formula. Dyfed-Powys benefited from the revised formula changes, and its position was further protected by the application of a virtually flat-rate grant increase for all police authorities for both 2006-07 and 2007-08.

One of the real successes of recent years has been the roll-out of neighbourhood policing, as I am sure the hon. Gentleman knows. However, Dyfed-Powys was one of three forces that were inadvertently disadvantaged by the decision to alter the funding arrangements for community support officers and neighbourhood policing in 2007-08, which was announced in a written ministerial statement by my right hon. Friend the Member for Harrow, East (Mr. McNulty) when he was Minister for Policing, Security and Community Safety. The three forces had not previously been able to commit to early acceleration in the roll-out of neighbourhood policing, so made representations that they needed further help to complete neighbourhood policing coverage in their areas. We were pleased to be able to find some money to help them get back on track. For Dyfed-Powys, it amounted to £186,000 towards the cost of an additional 12 PCSOs.

Finally, I want to say something about force efficiency, to which the hon. Member for Ceredigion referred. Dyfed-Powys has a good record of delivering efficiency gains over and above the targets set since 1999-2000. However, over the coming years, increasing efficiency and productivity will become more important. Forces will have to work together and across communities, and take every opportunity to deliver services more effectively. I take the point made by the hon. Gentleman about good collaboration between the four police forces in Wales and the way in which they are trying to develop that relationship into an ever-closer partnership. Many forces have already gained from working in that way.

I conclude by saying that I am happy to meet the hon. Gentleman and his hon. Friends in due course. The best time will probably be after the settlement has been announced, when they will be able to see the figures and what has happened. He can then make further representations if he wishes. I say again that Dyfed-Powys has received significant additional money. There will always be a debate about whether more resources are needed and about how they should be deployed.

I am happy to join the hon. Gentleman in congratulating Dyfed-Powys police on its excellent record in financial management and in fighting crime and making people feel safer. Today's debate has been an important contribution to that, and I congratulate the hon. Gentleman and his hon. Friends on the measured and constructive way in which they put their case.

Question put and agreed to.

Adjourned accordingly at fourteen minutes past Five o'clock.

Westminster Hall

Thursday 22 November 2007

[SIR NICHOLAS WINTERTON *in the Chair*]

Inter-Parliamentary Union

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Roy.]*

2.30 pm

Sir Nicholas Winterton (in the Chair): I welcome the Minister and the chairman of the British group of the Inter-Parliamentary Union, the right hon. Member for Cynon Valley (Ann Clwyd).

The Minister for Europe (Mr. Jim Murphy): It is an absolute delight to serve with you as our Chairman, Sir Nicholas. I look forward to an informed and enjoyable debate on the important work of the IPU. I am delighted to open the fourth debate on the subject.

As we all know, the IPU contributes much to the promotion and support of democracy and human rights around the world. I welcome the opportunity to debate its work. The responsibility would normally fall to my hon. Friend the Under-Secretary of State for Foreign and Commonwealth Affairs, who is travelling in Singapore. No doubt she would enjoy being here much more, and I know how important she considers the IPU in her ministerial role.

The IPU was co-founded by William Randal Cremer, a Liberal Member of Parliament, more than 100 years ago. Since then, it has gone from strength to strength. Cremer was the first British recipient of the Nobel peace prize and the first person to be the sole winner. His main interest in life was the quest for world peace, and co-founding the IPU was a visible demonstration of his beliefs. Since that time, the British group has played a major role in the development of the IPU, and Members of the House have participated at all levels.

The IPU is an indispensable part of this country's foreign policy. Parliaments and parliamentarians can often carry on talking to each other even when their Governments disagree and even when, on occasion, those Governments do not have any conversation or contact. That can be of real value both to us at the Foreign and Commonwealth Office and, importantly, to the UK more generally. Parliamentarians respect and trust each other in the forum, sometimes more than they do a foreign Government. IPU delegations can also be incredibly effective through the informal links that they build up with parliamentarians in other countries. They can have a quick chat, a cup of coffee or e-mail correspondence with one of their colleagues from abroad, which is harder for Governments to do as their relations are often, perhaps unavoidably, much more formal. The IPU is an important part of UK diplomacy and plays a significant role by keeping links strong and reminding countries of the UK's good will towards them.

I wish to place on the record my congratulations to the British group of the IPU on its excellent work. I know that it is well respected in the IPU because of its active role in debates. In addition, I congratulate my right hon. Friend the Member for Cynon Valley (Ann Clwyd), our chairman. She is not only a right hon. Friend but a friend, which is sometimes more difficult. She is rightly regarded in all parts of the House as a woman of great principle, phenomenal dedication and dogged determination, even when her views are not in the majority, which says more about her than about others. She has done a phenomenal job in her role.

Apart from founding the organisation, members of the British group have led the IPU or sat on its executive committee over the years. The group also arranges a busy programme of bilateral inward and outward visits, and I look forward to hearing more about the activities that have been undertaken. The IPU does not shy away from commenting on important issues, and nor should it. Parliamentary democracy and gender issues have been continuing focuses, and topics such as climate change, the situation in the middle east and recent events in Burma are just a small sample of the range of matters recently addressed. I am grateful for the opportunity that the IPU offers Foreign Office officials to contribute to its briefings and for the feedback that we receive.

I know that the House will want to join me in paying great tribute not just to the work of the group's chairman, as I have said, but to its staff and those who help to make possible the crucial work that the IPU carries out. In general in public life we do not pay tribute to many of the people whom we rarely read about or see in the headlines, but the staff make the IPU work effectively.

I know that a number of right hon. and hon. Members wish to participate in the debate, and I look forward to hearing their contributions. With your permission, Sir Nicholas, and the leave of the House, I look forward to having the opportunity to respond to the debate later.

Sir Nicholas Winterton (in the Chair): I am sure that the House will give the Minister the right to reply at the end of the debate.

2.36 pm

Ann Clwyd (Cynon Valley) (Lab): It is a particular pleasure to speak in this debate under your chairmanship, Sir Nicholas. You are one of the more active members of the IPU executive, and you have had an interest in the work of the IPU throughout your parliamentary career. It is also a pleasure to have my hon. Friend the Minister, who is also a friend, here for the debate.

I shall be stepping down as chair of the British group of the IPU at the end of this year, after three years. I should like to thank all my fellow officers—my hon. Friend the Member for Kingswood (Roger Berry) and the hon. Members for Old Bexley and Sidcup (Derek Conway) and for Ribble Valley (Mr. Evans)—and my colleagues on the executive committee for their interest in and support for the group. In addition, I thank all parliamentarians who have participated on inward and outward delegations and in any IPU-related activities. On behalf of the British group, I particularly wish to thank the secretariat, members of which are watching the debate this afternoon with a watchful eye, as always, to see that we do not stray too far and to offer

[Ann Clwyd]

their support. They have been particularly helpful in the three years for which I have been chair.

I wish to mention Saudi Arabia, which is a member of the IPU. Hon. Members will have heard the news this morning that most of those in the race for the US Democratic presidential nomination have called on King Abdullah to reconsider and cancel the ruling on punishing a woman who was a gang rape victim. She was sentenced to 200 lashes and six months in jail because she was in an unrelated man's car. The car was attacked by a gang, who raped her. Hillary Clinton has said that King Abdullah should cancel the ruling, Barack Obama said that the sentence was "beyond unjust" and similar criticism has come from the other Democratic candidates. The 19-year-old victim has not been named, but she is known as "the Qatif girl". She was originally given a lighter sentence but it was increased on appeal last week, as were those of the seven men involved in the attacks.

The case has attracted much attention and criticism throughout the world. The US State Department has expressed astonishment at the sentence. I would be interested to hear from my hon. Friend the Minister what the Foreign Office has said about that case. It is completely unacceptable for the rape victim to be punished for reporting the rape and for her lawyer to be suspended. The lawyer, Abdul Rahman al-Lahem, has handled the country's most controversial cases. His licence was revoked last week by the judiciary in that town, Qatif, and he says that he has been banned from the courtroom for refusing to allow his client to attend a hearing in which she would have had to come face to face with her rapist. If the IPU were meeting now, the case would certainly be viewed as a matter of urgency for its conference. I would be very pleased to hear that we had given a similar condemnation and called for King Abdullah to take action.

During my time in office, British MPs and peers have met their counterparts from all four corners of the globe. They have either acted as hosts or been guests in countries from Albania to Azerbaijan, from Brazil to Burundi, from Korea to Kyrgyzstan, and from Madagascar to Mexico. Since last year's debate on the IPU, in July 2006, the British group has received delegations from Venezuela, Macedonia, the Republic of Korea, Brazil, Kyrgyzstan, Cuba and Gabon. Our members were able to visit their counterparts in Algeria, Azerbaijan, Jordan, Madagascar, Mexico, Panama, Burundi, Cambodia, Vietnam and Albania.

At recent IPU assemblies, we have had bilateral meetings with parliamentarians from Japan, Libya, Pakistan, Venezuela, Malta, South Africa, Cambodia, Egypt, Ethiopia, Indonesia, Iran, Nepal, Somalia, Uruguay, India, Namibia, Pakistan, China and Syria. Anyone who thinks that an IPU conference is a romp has another think coming. We have to work very hard to ensure that bilateral meetings are of value to both sides. Strengthening our ties with fellow parliamentarians is what the British IPU group is all about.

In order to have a meaningful dialogue with our colleagues, we need to ensure that we are discussing a wide range of subjects. During my time as chair, I have tried to push the boundaries a bit. I have encouraged the British IPU group to focus more on interaction with other parliamentarians on specific concerns regarding human rights violations, continuing conflict and humanitarian crises. I do not believe in confrontation for its own sake, but parliamentarians in the UK tend to take things for granted. We can express our views on the Floor of the House of Commons and the House of Lords, in the media and to our colleagues without the fear of persecution, harassment, torture or death. Tragically, it is not the same for too many of our colleagues all over the world.

Therefore, as people who have those freedoms, we have a duty to stand up and speak for colleagues who are in trouble all over the world. We need to take every opportunity to raise the cases of parliamentarians whose rights have been abused and whose mandates are not respected. When we meet parliamentarians from other countries, we must therefore make them aware of our concerns about parliamentarians whose lives or livelihoods are at risk, our desire to help to get the matter resolved and our belief that fellow parliamentarians should do the same.

The IPU committee on human rights of parliamentarians, which I chaired for three years until last year, investigates cases of injustices against parliamentarians the world over. Parliamentarians depend on their committee members and all IPU members to raise awareness of cases and to lobby for progress. At the last IPU assembly, which was held this year in Geneva, my former fellow committee member, who is now chair, Senator Sharon Carstairs from Canada, strongly appealed to IPU member Parliaments to provide more active follow-up to help to address concerns in 34 public cases, some of which illustrate a total disregard for the most basic human rights of parliamentarians.

I want to highlight cases in four countries in particular, starting with Eritrea, which faces a truly appalling situation. Eleven former MPs have been held incommunicado since 18 September 2001 after publicly calling for democratic reforms. No one knows where they are being held or even whether they are all still alive. They have never been brought before a judge, and the African Commission on Human and Peoples' Rights has concluded that the most basic rights of those parliamentarians have been violated. The Eritrean authorities, I am sorry to say, have shown a total lack of interest in addressing those cases.

There is another batch of cases in Palestine. Everyone in the IPU internationally is engaged in some of those cases. The case of Marwan Barghouti has been long-running. He was re-elected as a member of the Palestinian Legislative Council in the January 2006 elections, but he is serving five life sentences and two 20-year prison terms, which the Tel Aviv district court handed down in June 2004. The expert legal report commissioned by the IPU, by someone we sent to follow the trial, stated that the trial did not meet the fair trial standards that Israel, as a state party to the international covenant on civil and political rights, is bound to respect. Mr. Barghouti was transferred to Israel in breach of the fourth Geneva convention and the Oslo accords. I am disappointed to note that when the IPU raised this case and related concerns with the Israeli parliamentary authorities it received no co-operation.

The second case involves Mr. Hussam Khader, a former member of the PLC. He is serving a prison sentence, which was handed down in November 2005, after a plea bargain was reached regarding the charges and the sentence. None of the charges involved any violent acts on his part. Again, in view of the report of the lawyer who observed Mr. Khader's trial on behalf of the IPU, the committee considered that the trial fell far short of being fair. That is one of the reasons that the IPU urges the authorities to release him. When the Israeli Government announced in July that it intended to release Palestinian prisoners who had "no blood on their hands", the committee asked the secretary-general to send a special appeal to the speaker of the Knesset, requesting her to ensure that Mr. Khader would be on the list of those to be freed as he fell into the category of those eligible for release. However, that was to no avail. Mr. Khader was not among the 225 Fatah prisoners released by the Israeli authorities. The IPU committee deeply regrets that its constant appeals have again gone unheard.

The third case involves Mr. Ahmad Sadat who was elected as a member of Parliament in January 2006. In March 2006, he was abducted from a prison in Jericho and taken to Israel. The Israeli authorities wanted him for the murder in January 2002 of the Israeli Minister of Tourism. A month after his abduction, however, the charge was dropped for want of evidence. The committee believes that that clearly shows that his abduction and transfer to Israel were not related to the murder charge but rather to his political activities. According to some media reports, other security-related charges were brought against him, but at present it is unclear whether any charge at all is pending. Again, despite many requests, the Israeli authorities have provided no official information on his situation. The IPU committee is urging the Israeli authorities either to release him immediately or to charge him with a recognisable criminal offence and try him without delay.

The last batch of cases involves members of Parliament elected in January 2006 on the Hamas list. Forty-one MPs were seized by the Israeli security forces last year, in the context of military operations in the Gaza strip to obtain the release of an Israeli soldier kidnapped on 25 June 2006 in a cross-border attack on military installations. An Israeli court ordered their release on bail on 12 September 2006, but the decision was overturned on appeal. They, too, remain in detention.

The MPs are accused of membership and leadership of a terrorist organisation, which in fact means that they are accused of having participated—and having been elected—in elections that were internationally recognised as free and fair. Since that cannot possibly be a crime, the IPU human rights committee is urging the Israeli authorities to release them immediately or to bring valid charges against them as soon as possible. The IPU is also concerned about the conditions of their detention.

The last case concerns the speaker of the Palestinian Legislative Council, Dr. Aziz Dweik, who was detained in the same circumstances in early August 2006. The same considerations apply in his case. The IPU continues to be concerned about the conditions of his detention and fear that they may result in a serious decline in his health.

All over the world, when the IPU human rights committee makes representations to member countries, they respond. Sometimes they need prodding, but they do eventually respond. It does not matter in what part of the world cases occur, I find it unacceptable that the Israeli authorities continue to ignore the IPU and the committee and will not address their concerns or requests for further information. I call on them now to engage with the IPU, and to respect the Palestinian parliamentarians' mandate and international human rights norms and due process.

Then there is Burma. In 1990, following their electoral success, newly elected representatives from the National League for Democracy should have taken their seats in Parliament and formed a Government. Instead, they disappeared or were killed, imprisoned or hounded out of the country. Since that time, the IPU and UK parliamentarians have lobbied on their behalf and met exiles on many occasions to discuss their plight and that of their fellow countrymen.

Unfortunately, however, as we all know, far from improving, the situation in Burma has worsened. The recent massive crackdown by the military on the peaceful demonstrations by monks and civilians bears testimony yet again to the fact that the military junta does not want to engage in any credible process of transition to democracy. Scores of protesters—we do not know how many; we can only guess at the number—have been arbitrarily arrested, as have 13 parliamentarians-elect. In several cases, the whereabouts of prisoners remain unknown.

I am sure that all members of the British group and Members of this House will join me in endorsing the IPU's call to the Burmese authorities to release the prisoners immediately and unconditionally, along with the 13 MPs-elect who were already languishing in prison before the demonstrations took place, and to refrain from further repressing dissent, lift all restrictions on human rights and end the harassment of political activists.

It is important that member Parliaments of the IPU, particularly those from countries such as China, India and the Association of South East Asian Nations countries, pursue and strengthen action in support of the parliamentarians-elect, and in support of respect for democratic principles in Burma. I and others on the IPU executive have been in regular contact with members of the ASEAN inter-parliamentary Myanmar caucus to discuss joint action. Indeed, at the recent conference in Geneva, the UK withdrew its urgent resolution on climate change in favour of a resolution that criticised events in Burma. Since then, we have continued to be in regular contact with the caucus, and I commend the delegates' continued efforts to lobby their Governments for specific measures to be taken against the Burmese military regime.

I was encouraged by a robust emergency resolution last October that we all agreed to, with some exceptions. There were some very interesting votes, as hon. Members will know, by some of the delegations that we did not quite expect to come on board with us. At that IPU assembly, the British delegation had formal meetings with the Chinese, Indian and Singaporean delegations and asked them to consider travel bans and targeted sanctions if the junta did not take concrete steps to restore democracy in Burma.

Mr. Nigel Evans (Ribble Valley) (Con): Does the right hon. Lady agree that one of the ideal opportunities afforded by the assemblies is less formal dialogues between parliamentarians? Conversations are held not between Members of Parliament and Governments but between MPs and MPs from other countries. The last assembly in Geneva gave us such an opportunity. In particular, we had lengthy discussions with a Chinese member of Parliament with whom we were able to raise directly the issue of Burma. MPs may not be able to do anything about a situation, but they can certainly take back to their own Parliaments the intensity of feeling that exists in countries such as the United Kingdom about the atrocities in countries such as Burma.

Ann Clwyd: The hon. Gentleman was a member of the delegation and took part in some of the bilateral meetings. I absolutely agree that they are useful, informative and vital to both groups. Delegations have not agreed on some issues, as the hon. Gentleman knows, but on others there has been surprising consensus, even among countries from which we did not expect consensus to be forthcoming. The parliamentary authorities—I am particularly addressing the Whips of all parties—should not underestimate the importance of IPU delegations.

Jeremy Corbyn (Islington, North) (Lab): He was a Whip.

Ann Clwyd: My hon. Friend points out that the Minister was once a Whip, but, if I remember rightly, he was a benign Whip. Perhaps he would like to share some of his experiences with us later.

Many hon. Members are interested in pursuing the case of Zimbabwe. Although the Zimbabwean Parliament debated the beating of two Opposition MPs, Mr. Biti and Mr. Chamisa, by law enforcement officers at a prayer meeting on 11 March, and a subsequent brutal attack on Mr. Chamisa at Harare international airport, it does not seem to have taken any action to ensure that those criminal acts were duly investigated and the perpetrators brought to justice.

Opposition parliamentarians have allegedly been tortured. Mr. Madzore was arrested on 28 March, and allegedly tortured before being released when charges were withdrawn in August, and Mr. Job Sikhala was allegedly tortured in January 2003. The IPU committee has noted on several occasions that in those cases the Zimbabwean authorities did nothing to comply with their constitutional duties, and the Parliament failed to exercise its oversight functions effectively. On the contrary, law enforcement agencies were allowed to continue torturing and ill-treating even Members of Parliament with impunity. That is unsatisfactory.

When I chaired the committee for three years—it was made up of five members of Parliament from various countries—we had representatives of Zimbabwe appear before it, and the leader of the Zimbabwean delegation, instead of addressing the cases that we brought before him, always said that it was the fault of the British. We never got beyond that, so on one occasion I asked one of my committee colleagues, who was the Speaker of the Niger Parliament, to take the chair to see if he would be treated differently, but he was also blamed for the British, and the delegation refused to address the cases that we brought before it.

I have said before, and I say again, that ill treatment of parliamentarians is often just the tip of the iceberg in countries where human rights abuse is common. If members of Parliament are subject to abuse, it is more than likely that the people whom they are supposed to represent suffer even more. When lobbying for them, we are often able to address the plight of the wider community, such as activists, journalists, human rights defenders, anti-corruption campaigners, and the poor, the marginalised and the oppressed ethnic communities. To that end, while I have been chair, I have initiated a link with the all-party parliamentary human rights group, which now provides briefings for our members on the human rights situation in the country in question, and they supplement information from the Foreign and Commonwealth Office.

I thank all my colleagues who have raised specific human rights issues when on delegations and in bilateral meetings. Some recent discussions with parliamentary counterparts in which I have been involved have been free and frank, but to address the issues that really matter, one inevitably touches a raw nerve sometimes. On 13 November, *The Times* reported a private meeting of the British group with the Iranian delegation at the IPU assembly in April this year. Details of that meeting were provided following a request under the Freedom of Information Act 2000 to the FCO.

Minutes taken at that meeting by an FCO official describe a member of our delegation referring to the hangings in Iran of Mahmoud Asgari and Ayaz Marhoni in 2005 in Iran. They were killed for alleged homosexual activities, although they were juveniles at the time of their arrest. The leader of the Iranian delegation was unflinching. The record states that he explained that according to Islam, homosexuality and lesbianism are not permitted. He also said that if homosexual activity was in private, there was no problem, but that those taking part in overt activity should be executed. He argued that homosexuality was against human nature, because humans were here to reproduce and homosexuals did not reproduce. The sort of discussion that our delegation had with the Iranians following those statements can be imagined. That is concrete evidence of the sort of challenging discussions that we have, and shows that we do not flinch from raising such issues with our counterparts from other countries.

I want to mention the work of two British IPU members. My hon. Friend the Member for Hendon (Mr. Dismore) and Lord Morris of Aberavon were appointed rapporteurs for their respective committees. They are helping to ensure that the IPU addresses timely and important topics.

Lord Morris is co-rapporteur of the committee on peace and international security, which is tasked with producing and presenting a report on "The role of parliaments in striking a balance between national security, human security and individual freedoms and in averting the threat to democracy." He will have to incorporate feedback received from the last IPU assembly before producing a final joint report and draft resolution with his co-rapporteurs from South

Africa and India at the next IPU assembly in April 2008 in Cape Town, South Africa.

My hon. Friend the Member for Hendon is co-rapporteur of the committee that is looking at democracy and human rights, and working on the topic, "Migrant workers, people trafficking, xenophobia and human rights" with his co-rapporteur from Mexico. Some of the position papers produced for some of the specialist committees are excellent, and I only wish that there was a system by which every member country of the IPU could debate some of those reports. I am thinking particularly of a paper on missing people, and it can be imagined how many countries provided information and took part in that debate. Perhaps an hon. Member here might want to raise that topic at some time.

The IPU internationally is undergoing reform. To date, it has been relatively little known on the international stage, except among those who are closely involved with its work. It has been viewed at best as a worthy talking shop, and at worst as a costly irrelevance. Of course, I believe that it is a useful forum for parliamentarians to engage with one another, and to work together for the common good. However, it is right to review its procedures and effectiveness, because there is definitely room for improvement.

We need greater opportunity for meaningful dialogue and interaction, instead of what tends to happen, which, as colleagues who have attended IPU conferences know, is that representatives make token set-piece speeches. Sometimes that may continue all day. If representatives of 146 countries all want their few minutes on the platform, yet their remarks do not relate to any previous speeches in the debate, it is frustrating for all those who believe in proper debate. AIDS, poverty, corruption, gender discrimination and ethnic persecution have all been the subject of major debates.

The Geneva headquarters of the IPU should consolidate its mechanisms and revise its working methods. The committee that I chaired for three years, and of which I was a member for five years, works on a shoestring budget with limited support from the wider organisation, yet the members of the secretariat who work on that committee are dedicated to their work. It is generally not known that the IPU secretariat and the secretary-general deal with a lot of cases in private. We get people out of jail, we ensure that parliamentarians can exercise their mandates and we get people out of detention. However, that takes a lot of effort by individuals, and a great number of people have come to the House of Commons—all my hon. Friends will know of such occasions—to thank members of the IPU for their efforts in getting people out of jail. The former deputy Prime Minister of Malaysia is a case in point, but we could name several others.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Hearing the right hon. Lady talk about getting people out of jail and detention, it occurs to me that Amnesty International does similar work and lobbies in similar ways. Has the IPU ever considered working with Amnesty International on individual cases?

Ann Clwyd: Much of our information about individual cases comes from Amnesty International and other human rights organisations. What the hon. Gentleman suggests is a good idea, but it happens already. The IPU secretariat in Geneva has close links with Amnesty International, Human Rights Watch and other similar organisations. Much of our information comes from people in the relevant country or from organisations observing what is happening there. Without such information, the IPU would find it difficult to make its cases stand up, although I can say with great confidence that they do stand up. I have with me the kind of file that the IPU human rights committee puts together on individual MPs, including many from Colombia and Eritrea, for instance. It lists all the circumstances and details of people's cases, which are subsequently made public. If anybody wants to see these files, the IPU secretariat has copies, which give a lot of interesting detail. Unfortunately, Parliament does not have an opportunity to discuss individual cases, except on occasions such as this.

Jeremy Corbyn: I know that this is slightly wide of the subject and that you, Sir Nicholas, will stop me if I am too far off the mark, but does my right hon. Friend not think that it would be useful to have Select Committee scrutiny of UN and international human rights matters—separate from the very good work done by the Select Committee on Foreign Affairs—to give greater emphasis to these issues worldwide?

Ann Clwyd: Yes, I do agree that it would be useful to have Select Committees in Parliament monitoring UN organisations. In the past, the Select Committee on International Development has looked at various parts of the UN, particularly when there was a debate about whether we should continue funding UNESCO, and we have looked at many other UN organisations. The UK is a large contributor to such organisations, so greater scrutiny is needed across the board, and we should consider the UN Commission on Human Rights in particular.

At the 116th IPU assembly in Bali in April, the human rights committee submitted 35 cases of 126 Members of Parliament in 18 countries around the world, all of which were adopted by the conference as a whole, and I have just discussed some of those cases. Of course, it is important that the whole conference adopts the committee's decisions at the end, but the committee could do a lot more with more funding, which would enable the IPU to undertake more missions, with more concrete follow-up by member Parliaments.

The committee on middle east questions should also be strengthened. I was recently put on that committee; the chairman is a Mongolian Member of Parliament, and about five other Members of Parliament from all over the world are members. Palestinian and Israeli delegations have invited the committee to the region to see what is happening on the ground. Until recently, the executive committee had not provided the necessary funding for the visit to go ahead, but at the latest assembly, in Geneva, I secured a commitment to send and fund a mission. I hope that that will enable parliamentarians to engage constructively on one of the most important and divisive matters facing the world today.

We also need to keep pressing the international IPU secretariat on the need for greater accountability and transparency. The organisation is meant to promote good governance and democracy, but I am unhappy

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about the extent to which top-down decisions are imposed without adequate and informed discussion, and those hon. Members who are members of the executive committee will know how frustrating that is.

As for the budget, the appointment of vice-presidents to the international executive committee is supposed partly to address the need for an international IPU treasurer, as one of the vice-presidents would be in charge of overseeing the IPU's finances and accounts. The British group has been calling for that for a long time.

I remain sceptical about hitching the IPU wagon to the UN, particularly at the moment, because the UN has problems of its own, which it must address first. Those hon. Members who are on the IPU executive will know that such a move was proposed by the international IPU in Geneva, which is currently working to that end. However, parliamentarians may be better off making their views about the reforms that need to be undertaken at the UN known to their own Governments first. The suggestion made by my hon. Friend the Member for Islington, North (Jeremy Corbyn) may be one way forward. There is further debate to be had about reform of the IPU and the way forward for the British group, and I am sure that my successor and my colleagues will keep those and related issues under scrutiny.

I should thank the Foreign Office for its assistance during our many conferences and for its useful advice at specific times during our week-long debates in other countries. Annual Adjournment debates such as this have proved a useful tool in making colleagues, the Government and the wider world aware of what we do and what support is needed. I trust that they will remain a welcome fixture in the parliamentary calendar, although preferably not on a Thursday afternoon.

Although I am standing down as chair of the British group, I intend to remain fully active in the IPU and to support my colleagues as they continue to strengthen inter-parliamentary dialogue and to further what is perhaps the most important work that the IPU can do—protecting the rights of fellow parliamentarians around the world.

Sir Nicholas Winterton (in the Chair): The House thanks the right hon. Lady, the chairman of the British group, for her wide-ranging speech. I call the spokesman for Her Majesty's Opposition, Mr. Geoffrey Clifton-Brown.

3.19 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I thank you, Sir Nicholas, for chairing this debate, and it is a great pleasure to serve under you, particularly as you are a member of the IPU's executive. The right hon. Member for Cynon Valley (Ann Clwyd) referred to your excellent work, and it would be quite wrong of me not to refer to all her excellent work during her three years as chairman. In that respect, I was delighted to hear her concluding remarks, although I had assumed as a matter of course that she would remain active in the IPU—if she did not, it would be a sad loss. Knowing her very sincere commitment to human rights, I know that that issue is dear to her heart, and that she will continue to fight for all those whose human rights are less well protected than our own.

"No one pretends that democracy is perfect or all-wise. Indeed, it has been said that democracy is the worst form of Government except all those other forms that have been tried from time to time".—[*Official Report*, 11 November 1947; Vol. 444, c. 206-7.]

That was, of course, said by the famous former Prime Minister, Sir Winston Churchill, in a speech in this House. We tend to take for granted, in this font of democracy in the United Kingdom, that parliamentarians can say what they like without fear or favour—without fear of being arrested when they leave the Chamber. The Government have made a pig's ear of Northern Rock and losing child benefit records, but I shall not be arrested when I leave the Chamber for having said so. We are free and able to say what we like without fear of persecution. That is a huge privilege that our people have fought for over centuries and that the right hon. Lady referred to time and again. It is up to us, who have a strong democratic tradition and democratic rights, to fight on behalf of people throughout the world who do not have that privilege.

Freedom under the rule of law, and freedom to have a Parliament and a fair press and fair media, are things that we all take for granted, but the right hon. Lady quoted many dreadful cases. I was delighted that she got a very strong resolution on Burma passed at the last IPU conference, particularly as she had generously let our motion on environmental changes drop, so as to obtain that topical and timely debate. It is shocking that Members of Parliament in that country have been arrested, tortured and beaten, that some have disappeared and that some have had to seek exile. There are other countries, such as Zimbabwe, where Members of Parliament suffer the same fate. It is unacceptable. As she said, where Members of Parliament are treated in an undemocratic and unfree way, that often transfers to how the country is governed throughout, and particularly to the operation of the media.

John Bercow (Buckingham) (Con): I apologise for my tardy arrival. I was in an evidence session of the Select Committee on International Development, to which I shall have to return in due course.

My hon. Friend has rightly focused on the bestial atrocities committed in Burma. Does he agree—I know that the right hon. Member for Cynon Valley (Ann Clwyd) has been extremely robust on this point—that the situation in Burma, which affects citizens as much as parliamentarians who are denied their rightful legislative slot, underlines the importance of having such matters raised consistently and multilaterally in every conceivable forum by Ministers of the highest level in our Government? That sends a signal. Equally and conversely—although I intend no disrespect to the Minister for Europe—if those issues are raised only by more junior Ministers, that sends a negative signal.

Mr. Clifton-Brown: Of course those issues need to be raised at the most senior level, when the most senior Ministers, from the Prime Minister downwards, visit the relevant countries, or neighbouring countries, such as, in Burma's case, China. That matter should be raised whenever a high-level visit is made to China. That would be helpful.

The right hon. Lady made a good point, which was echoed by my hon. Friend the Member for Ribble Valley (Mr. Evans), about the fact that the IPU provides

a useful forum for meetings between members of different Parliaments. That does not apply in Burma's case—it is impossible—but IPU members have met Chinese parliamentary members informally. If it can be stressed to them how appalling and unacceptable the situation is in their neighbouring country of Burma, the message does, over a period, reach those in charge of China. It is to be hoped that, after a time, it will bring about a change in China's attitude towards Burma. That has probably happened in relation to North Korea, as there has undoubtedly been a change in the Chinese Government's attitude towards the way the North Koreans are governed—or perhaps I should say misgoverned. I think that the relationship between North Korea and South Korea is beginning to thaw very slightly. Let us hope for the people of North Korea, who live under one of the most autocratic Governments on the planet, that that thaw will continue.

In paying tribute to the right hon. Lady, I want to include the staff and secretariat of the IPU. I was privileged to go on the outward visit to Mexico. The preparations for the visit were immaculate, the staff were extremely courteous and the whole visit ran very smoothly. I regret to say that it was not until I had been a Member of Parliament for 15 years that I went on that visit. Perhaps the right hon. Lady and other IPU executive committee members would reflect on how to raise awareness among all Members of Parliament—in particular, among those of my party, who, I am sorry to say, tend to be under-represented, perhaps because we are fewer in number than those in the Government party—of the importance of IPU visits and of its very good work.

Jeremy Corbyn: Does the hon. Gentleman agree that delegations should not only give a full report back after visits, as they are required to by IPU rules—I do not complain about that—but, where possible, link up with the appropriate all-party parliamentary groups, so that the great volume of information and knowledge that they collect, and demands for human rights action, can be given effect in Parliament? It does not help anyone when Members go on a visit and do little about it afterwards.

Mr. Clifton-Brown: The hon. Gentleman makes an extremely good point, which the right hon. Lady will no doubt have heard. As he knows, because I am sure he has been on such a visit, there is always a preparatory meeting. It would probably be appropriate to consider inviting the secretary of the relevant all-party group to the meeting so that he or she could contribute to the knowledge of colleagues going on the visit. That would be very beneficial. We received a full briefing from the Foreign Office, and our ambassador in Mexico was incredibly helpful during our visit. I am sure that that is true for many other visits.

As to the workings of the IPU, the right hon. Lady did not mention it, but it is a pity that the United States has become a non-paying member. As one of the world's most powerful democracies, it would be useful if it returned to the fold. Her annual report says that she is fed up with having to defend its interests, and wishes that it would do so for itself.

Ann Clwyd *rose—*

Mr. Clifton-Brown: No doubt the right hon. Lady wishes to make that point.

Ann Clwyd: I am glad that the hon. Gentleman mentioned that matter, because I was in Washington last week, where I raised it with people at the White House and in the State Department, and with our ambassador. I have done that on previous occasions, but I hope that it may bear fruit this time around. A vote on the matter was lost by, I think, one vote, last year, but it is essential that the United States rejoins the IPU. It withdrew rather a long time ago, and it is true that we have had to defend its interests from time to time. It should come and do that itself.

Mr. Clifton-Brown: I am sure that the right hon. Lady's wise words and quiet counsels behind the scenes will have had an effect if anyone's could, and that, even if there is not a change of heart immediately, perhaps there will be one after next year's presidential elections. Let us hope so.

John Bercow: Far be it from me to wish to stoke up a controversy, but sometimes there is an important difference between having interests and having an interest. Whatever the norms and niceties of diplomatic protocol, if the IPU is to be as robust in the future as it has been under the leadership of the right hon. Member for Cynon Valley, we must never neglect—perhaps in the misguided name of courtesy and a quiet life—to raise human rights issues on our visits, or when receiving incoming delegations.

Mr. Clifton-Brown: I agree. My hon. Friend puts the point from his customary robust stance. We can all be robust. The trick is to be robust at times and quietly diplomatic at others. On this issue, the right hon. Lady's approach on the United States was probably the right one, because if we took up megaphone diplomacy, it would probably back off. My hon. Friend is absolutely correct in the case of human rights: there is no point whatever in shirking from saying that human rights in countries such as Zimbabwe, Burma, Haiti—

Jeremy Corbyn: Saudi Arabia.

Mr. Clifton-Brown: Yes, in some instances. If the facts about the Saudi Arabian case are as the right hon. Lady described—I do not doubt that they are—it is unacceptable for two reasons. First, the individual involved was the innocent party. Secondly, as I understand it from what she said, that individual's lawyer has also been arrested, which means that she will not get a fair trial. She has been judged guilty before the trial has begun. I hope that the Minister will say something about that in his winding-up speech, and about what representations the Government are making.

Countries such as Saudi Arabia are our great friends, but as my hon. Friend said, it is to our great friends that we should be able to say, from time to time, "What you are doing is unacceptable," just as I would tell the United States that what it is doing in Guantanamo Bay is unacceptable—at the risk of bringing controversy to the debate. I hope that for its own sake, and for the image of the United States, which has taken a huge battering, I hope that it dismantles Guantanamo Bay

[Mr. Clifton-Brown]

as soon as possible, because the rule of law should take a proper, open and accountable course, particularly in such a great democracy.

However, I was not briefed to say that today and I should like to get back to my script.

Mr. Evans: Our right hon. Friend the Member for Richmond, Yorks (Mr. Hague) is on the phone.

Mr. Clifton-Brown: Perhaps I should go on an IPU outward visit. I should like to get back to my script before I get into further trouble.

My visit to Mexico was immaculately organised and such visits do much good. Mexico is a big country—one of 11 with a population of more than 100 million. It is therefore important, but it is not too widely known among the British people. It has a GDP per head of twice that of Brazil, which gets far more publicity. Mexico is an important emerging country. Some 18 cents in every $1 that the US spends abroad is spent in Mexico. It is a very fast-emerging country.

Of course, Mexico is heavily reliant on the United States, which is itself heavily reliant on Mexico. Some 7 million Mexicans live in the US, and I do not doubt that many of those will have a vote in next year's presidential elections. In states such as Florida, they will have a decisive effect on the result. The relationship between Mexico and America, particularly following the election of the conservative President Calderon, has become closer and warmer over the years. It is therefore important that we know what precisely is going on there and that we build contacts with Mexico's Parliament, which we did.

Equally, we found that Mexico had a great deal of good will towards Britain, and that it wanted to extend its relationships in Europe, and for Britain to be the spearhead of those. We live in a fast-changing world, and we do not always catch up with what is going on, but trading relationships with south-east Asia are moving quickly. It is a historical fact that Europe, and particularly this country because of its historical links, tends to look to the east to see south-east Asia. Increasingly, I believe that we will see those countries as being to our west, through the Panama canal. Countries such as Mexico and Colombia could well become stopping-off points for those trading activities.

Mexico is an important country, but it needs to emerge from a dirigiste economy, much of which is founded on public monopolies and private oligopolies. However, when it brings about some constitutional changes—for example, to liberalise its oil regime so that it can begin to explore deeper water in the gulf of Mexico and the Pacific—it will change quickly. We found great friendship among the Mexican people, and great expertise among their parliamentarians. That is a typical example of how the IPU's work benefits the country. The Minister made an excellent point when he said that the IPU is an added arm to Foreign Office diplomacy, and an additional level of contact. It is good to make contact with parliamentarians, particularly those who may become senior members of the Mexican Government.

Jeremy Corbyn: During the Mexico visit, did the delegation have any opportunity for either formal or informal discussions with representatives of the non-Spanish speaking indigenous peoples, of which there are many in the country, and/or representatives of Andres Manuel Lopez Obrador, the candidate who was declared not elected in the presidential elections last year? Whatever the hon. Gentleman's views on those people, both groups have important contributions to make and an important message to send.

Mr. Clifton-Brown: The hon. Gentleman makes a good point. On a slightly jocular, if mainly serious note, there was a nude demonstration right outside Parliament the whole time we were there of indigenous peoples who had lost their land rights. I cannot believe that it failed to make an impression on Mexican parliamentarians and it struck a chord with us. We asked those parliamentarians what the demonstration was about, which will no doubt happen when other foreign people visit the Parliament. I would assume that the Government will eventually do something about it, but indigenous peoples have issues, not only in Mexico but in other countries, and I am hopeful that just solutions can be found. We were not, however, given any indication that that would happen when we were in Mexico.

A number of papers have been published and a number of issues raised on the broader aspects of the IPU's work, particularly in my field of international development. I am grateful that the IPU concentrated on peace, stability and good governance. Unfortunately, 1.2 billion people—around one fifth of the world population—live on less than $1 a day, as measured by equivalent purchasing power. One fifth of our fellow citizens live in abject poverty, in one way or another. It is incumbent on all of us to do something about that.

I am mildly critical of Governments of all colours, and internationally, on such matters. Kurt Hoffman, whom I have quoted on this figure in the House, said that over the past 20 years, the developing community has had some $400 billion of aid, and yet in the same period their average standard of living has dropped. The way in which we have disbursed aid has not been as effective as it might. One reason for that is that the worst Governments tend to be in the same areas as the worst human rights and the worst poverty.

I was pleased to see no less a figure than the Secretary of State for International Development announce in a debate last Thursday an additional £20 million for the globalisation and poverty fund, which takes it to £120 million, to encourage better government. We must all find ways, at every level, by negotiation, and by bilateral and multilateral aid, to encourage bad Governments to get better. However much help one gives, it is no good if people such as Mugabe and Field Marshal Than Shwe in Burma keep their people in unacceptable conditions. We must find ways to change such regimes.

When the right hon. Member for Cynon Valley was speaking, I reflected on whether she feels—I would be interested to know hon. Members' views on this—that democracy is on the march and increasing throughout the world, and whether, because the media have made events so much more immediate, dreadful cases such as

Burma and Zimbabwe are brought much more to our attention than they used to be. I suspect that that probably is the case and that if people consider places where democracy is quietly on the increase, they will see that things are improving. I can think of examples such as Mozambique, which was a very war-torn country but now has democracy and is flourishing. Sierra Leone is another example. One tends to think of everything as doom and gloom, yet there are countries where things are getting better.

I was delighted to hear the right hon. Lady's comments on her work on the IPU's human rights committee. I was reflecting on the extent to which her work has been undertaken over a number of years and wondering what communication she has had with the new UN Human Rights Council based in Geneva. I am very concerned about that because I do not think that it has the teeth that it deserves. I wonder what we can all do to ensure that it has teeth. I am hopeful that the universal peer review mechanism will give it teeth, but I note that the countries that are being reviewed first are pretty benign countries such as ourselves, for which the review will not do much good. Perhaps the IPU, through its links with the UN, can prod the council into doing a little more.

The right hon. Lady raised a number of issues. The work of the IPU is of huge benefit. The way to encourage better human rights, better governance and relief of poverty is through trade. We need to encourage every possible aspect of trade. Negotiations are going on between the European Union and the African, Caribbean and Pacific countries. I have talked to some of the most senior Ministers in the ACP countries, some of which are among the smallest on the planet. Of course the very poorest—the low-income countries—already have full access to the European market through the "Everything but Arms" negotiations. It is the level above that—the 76 countries currently in that negotiating mechanism—whose interests are not being considered by the British Government as much as they might be.

The negotiation is unequal. We are talking about the full might of the European Commission, with all its expertise, albeit that is negotiating with the six groups. Nevertheless, the capacity of some very small countries to negotiate such agreements is not great. More than any other country in the European Union, Britain, with its historical links, has a prime duty to ensure that the interests of those countries are protected, by which I do not mean that the trade preference system should be continued. This country does, however, have a duty to conduct proper impact assessments, or ensure that the EU has conducted proper impact assessments, so that the full impact of the damage to the economies of those countries—the loss of jobs—is known.

I shall use an example that I have used before. I met some Seychelles Members of Parliament the other day. The Seychelles have only 88,000 people, yet they reckon that if the economic partnership agreements go through in their current form, they will lose their entire tuna canning factory business to Thailand—a lower-cost producer—with the loss of several hundred jobs. That does not sound much, but if we translate from the size of their population up to the size of our population—60 million—we realise the very considerable impact that the negotiations will have on those economies.

We will have a debate on the subject in this Chamber next week, but the Minister's Department and the Department for International Development are heavily involved in the issue. Before he agrees that the Commission should sign the agreements, which have to be signed by 31 December, please can we ensure that there are proper impact assessments? Once those assessments have been conducted and we can see what damage will be done, can we ensure that there is a guaranteed package of international help in place from the EU to cushion the transition for those countries?

This is an interesting debate. As the right hon. Lady said, it is a pity that it is taking place on a Thursday, but the work of the IPU, through all colleagues in the House and through the secretariat, is to be greatly commended. I shall finish where I started—with a quote from a famous politician:

> "When bad men combine, the good must associate; else they will fall one by one, an unpitied sacrifice in a contemptible struggle."

Of course that is from "Thoughts on the Cause of the Present Discontents".

John Bercow: Burke—a great man.

Mr. Clifton-Brown: Sir Edmund Burke, one of our former great politicians.

Jeremy Corbyn: He was a dreadful parliamentarian.

Mr. Clifton-Brown: I have had a certain amount of barracking, but it is all part of good parliamentary democracy that we can disagree with one another and yet at the same time remain fundamentally committed to our cause, which is the advancement of the human condition right across the planet and the elimination of all the negative things that we have talked about. I am grateful to have taken part in the debate.

Several hon. Members *rose—*

Sir Nicholas Winterton (in the Chair): Order. Before I call the Liberal Democrat spokesman, I remind hon. Members that we shall finish at 5.30 pm and, because there will be many points to reply to and it is important that the Minister gets a good innings, I would like to give him 20 minutes. Many others want to speak, so I ask hon. Members to exercise an element of self-discipline. I am not necessarily relating the last remark to the hon. Member for Cheadle (Mark Hunter).

3.46 pm

Mark Hunter (Cheadle) (LD): That is very kind of you, Sir Nicholas. It is a particular pleasure for me to have the opportunity of participating in the debate, not just because you are a near constituency neighbour of mine, but because of your own long-standing and personal interest in the matters that we are discussing.

I also pay tribute to and congratulate the right hon. Member for Cynon Valley (Ann Clwyd), who made a very comprehensive and detailed contribution to the debate. She went through a number of the highlights of

[Mark Hunter]

the work of the British group, which she has chaired so diligently, of the Inter-Parliamentary Union. Many other Members present are members of the IPU and I look forward to their contributions on that excellent organisation and the work that it has undertaken over the past 12 months in particular.

The role of the IPU is vital for three key reasons. First, we obviously live in an increasingly interdependent world where many issues can and probably should only be tackled supranationally or internationally. In that environment, connecting national Parliaments to allow them to co-ordinate their work and share ideas is particularly important. The IPU facilitates inter-parliamentary efforts in many policy areas, including international peace and security and sustainable development, about which we have heard much already.

The IPU is particularly well known, however, for its work on human rights. I shall give a couple of examples that I think are worth noting in the context of this debate. This year, the IPU reported on the justice system in Panama. It also teamed up with UNICEF to publish a report on violence against children. As an organisation, the IPU is uniquely placed to investigate and demand action on human rights abuses. It will often have at its disposal the support not only of representatives from the national Parliament of the country in question, but the experience and expertise of elected representatives from all over the world, some of whom will have dealt with similar problems in their own countries.

The IPU's work is not confined to human rights, however. I especially congratulate the IPU on the work of its advisory group on HIV/AIDS and its efforts to co-ordinate the world's legislatures in the fight against the AIDS pandemic. I understand that the group will be taking part in the first global parliamentary meeting on HIV/AIDS in the Philippines at the end of this month. I sincerely hope that the joint discussions taking place there will allow the representatives to share best practice and work together in this most vital of areas.

The second vital role of the IPU is to fill what many have termed the democratic deficit. The introduction of supranational organisations such as the UN, the EU, the World Trade Organisation and the World Health Organisation means that the decisions most relevant to individuals are often taken at a level where there is little direct democratic accountability. National Parliaments' involvement in international issues through the IPU allows the people's directly elected representatives access and influence on crucial matters. I was extremely pleased that this year's parliamentary hearing at the UN is the first to be organised as a joint event with the IPU, and that the IPU plans to set up a special committee on UN affairs, albeit on a trial basis. That shows how closely the two organisations can and should work together.

Parliaments must have a key role in the UN and must co-ordinate with it if international problems are to be resolved satisfactorily. One of the biggest challenges facing the world today is that many international issues such as development, human rights and climate change can be dealt with only by using co-ordinated strategies. Many Governments, agencies and organisations of all kinds are doing their best individually to tackle such problems, which is of course extremely laudable and should be encouraged, but every organisation must consider how it can interact with others in the same field and whether they can be stronger and have more influence by co-operating, while avoiding reinventing the wheel.

I am pleased to see developed co-operation between the IPU and the UN on a range of projects and issues, and would very much like to see the IPU working more formally with other organisations, such as the EU. The EU has a vital role to play in development, international peace and security and human rights, and it can only benefit from a closer working relationship with the IPU. Will the Minister tell us how often he or the Government meet with representatives of the IPU, and whether he is aware of any programme of interaction between the IPU and the EU?

The IPU also has a role to play in spreading and improving democracy throughout the world by sharing best practice between national Parliaments, encouraging burgeoning democracies and promoting human rights. By being a focal point of worldwide parliamentary dialogue, the IPU allows national Parliaments the opportunity to promote democracy throughout the world without imposing it. For example, the British group has taken part in 16 inward and outward delegations so far in 2007, as the right hon. Member for Cynon Valley described. Through such visits, parliamentarians can spread their influence—in the form of best practice on scrutiny, procedures, good governance and election oversight—as well as engaging in discussions on how best to interact and work with citizens and civil society.

I know from my own experience of meeting fellow parliamentarians from emerging democracies that such contact is incredibly important. Not only do they appreciate advice and support from Members of this House, they are grateful for encouragement, especially as for many the road to democracy is fraught with trouble and, in some cases, great individual danger. As we know, Iraq is struggling to establish itself as a democracy. Will the Minister inform the Chamber whether he has met IPU representatives to discuss how we might seek to improve democracy and human rights in Iraq?

I am not saying that our own system is perfect; far from it. Britain has much to learn from our partners in the IPU, especially in matters of representation of women and ethnic minorities to make our voting system truly representative. It is a sad fact that fewer than 20 per cent. of the seats in the House of Commons are held by women. Frankly, it is a pretty dismal record that reflects badly on all of us. We could certainly learn a lot from Parliaments around the world about promoting gender equality. I notice from my research for today's debate that the female composition of the lower chamber in Parliaments as far apart as Rwanda and Sweden is nearly 50 per cent. Has the Minister had any discussions with the IPU about the issue or used its vast stock of knowledge and experience to improve the representation of women in this place?

The hon. Member for Cotswold (Mr. Clifton-Brown) referred to the continued absence of the United States of America from the IPU. I am astonished that despite the fact that the IPU boasts 146 member Parliaments and seven associate member nations, the USA is not

currently one of them. It is extremely disappointing. The US's reason, if that is what it is, appears to be that it has simply allowed its subscription to lapse. I am afraid I am probably not the only person in this House to think that that tells us a lot about the Bush Administration's views on foreign policy issues. Has the Minister discussed the matter with any representative of the US Government or had the chance to point out what a great help the US might be to newly established democracies around the world?

Mr. Clifton-Brown: It is a little bit unfair of the hon. Gentleman to blame the Bush Administration's foreign policy for American non-participation in the IPU. If there were enough of a push from Congressmen and Senators, I am certain that the US would become a member. Also, it is not a recent development. I understand that it has been the case for some years, so the current regime is not necessarily solely responsible.

Mark Hunter: I thank the hon. Gentleman for that intervention, but it is incumbent on the current Government, if they believe that there is a wrong, to put it right. How to do so is fairly obvious. What I actually said was that it says a lot about the Bush Administration's views on foreign policy; I did not use the words that the hon. Gentleman used.

One of the matters on which the IPU spends considerable time is safeguarding fellow parliamentarians' human rights. Parliamentarians have a mandate to represent the people of their countries, but to do so effectively they need to be able to do their job without persecution or threat of imprisonment or violence. Without such freedom, democracy cannot function: representatives are unable to speak out, hold Governments accountable for their actions or raise many of the issues that their constituents might wish them to. Ensuring free speech for politicians is a vital first step in embedding democracy and human rights in a country. It is shocking how many cases of human rights abuses against elected representatives still occur. I congratulate the IPU on its continued and excellent work on that issue. I understand that during its July session alone, the IPU's committee on the human rights of parliamentarians examined public cases concerning 198 legislators in 18 countries—a shocking figure.

This year the IPU has continued its excellent campaign in Burma, calling for the release of elected MPs jailed by the country's ruling military junta. Will the Minister tell us whether the Government have worked with the IPU on that issue during this difficult time for Burma, and whether there is any sign that the situation there is improving?

Finally, as a Liberal politician I believe strongly in the need to talk to our neighbours and to establish dialogue with them, even when we disagree, as it is the best way for conflicts to be resolved. It is to the IPU's great credit that it gives national Parliaments the opportunity to do so. By encouraging us to talk and work together on a variety of issues, by improving the democratic nature of international politics, and by encouraging democracy across the globe, the IPU plays a vital role in today's changing world. I congratulate it, and I hope that it will be able to continue its good work long into the future.

4 pm

Mrs. Madeleine Moon (Bridgend) (Lab): I pray your indulgence, Sir Nicholas, but as I explained to you at an earlier meeting this week when we received a report from the IPU delegation to Albania, I am still suffering from "Groganitis", a particularly virulent infection that one can catch from the leader of the IPU delegation, after whom the condition is named.

Since becoming a Member of the House in 2005, I have become ever more aware of the fact that while there is a general lack of understanding among constituents of the range of tasks and responsibilities that fall to a Member of Parliament, people are generally cynical about and have a limited knowledge of our involvement with other Parliaments and Governments. They tend to see such involvement and such visits as a jolly, as something that is undertaken lightly—a way of getting out of Westminster and of travelling the world.

At some point, we need to use debates such as this about the role, the depth and the importance of the Inter-Parliamentary Union to explain to our constituents how vital that work is, and to explain that the dialogues that have been mentioned this afternoon are crucial to raising the development of women, to promoting the role of civil society in many countries, and especially to supporting developing democracies and opening up and tackling many of the issues that they find difficult.

Today, I want to consider how my experience in Albania—a small and relatively unknown country—reflects the critical world role that the IPU is playing. I went there this year with five others; the delegation was cross-party, which is itself an important aspect of the work of the IPU as it provides more than just one representation of how democracy works or what it can encompass. It allows other countries to see that the different parties in this place can work together, share ideas and even conflict without things breaking down into animosity and civil war. It is a very important message that we take with us.

The IPU visit was the first official delegation from the United Kingdom to Albania. The aim was to create bilateral contact as part of the IPU's cornerstone activity, the pursuit of worldwide parliamentary dialogue for the furtherance of peace and co-operation—and, I would add, education and understanding. I last visited Albania in 1996 as a representative of Aid in Action, an organisation set up in my constituency by Father Cashin. It aimed to reach out to two communities—Kruje and Rubic, one Muslim and one Catholic—to create a dialogue to improve their quality of life and to demonstrate that the west had an interest in that new democracy and in the people.

That involvement continued until my visit to Albania in October this year, and it ended with an Albanian Minister being handed a £40,000 study: a hydrological assessment of the river Fani. I hope that that study will bring Albania greater electricity supplies and greater economic development. I hope that it will give the communities around the river Fani greater capacity for a programme of economic development, which is currently impossible because of the lack of electricity in the country.

Mr. Clifton-Brown: I would be most interested to know the hon. Lady's impression of the situation in

[Mr. Clifton-Brown]

Albania. Under Enver Hoxha, it was one of the most closely controlled communist regimes in the world, and it contained some of the world's poorest people. Is her overall impression of an improving regime, with better prospects for the people of that country, or is it too early to say?

Mrs. Moon: I thank the hon. Gentleman for his intervention. My visit in 1996 was a deeply distressing and depressing experience. The quality of the hospitals and schools that I visited was dire. I met people from the newly formed political parties there, and we discussed how to promote dialogue in a country that had never experienced it and that had never known the capacity to have a debate that allowed more than one opinion. That, for them, was unique, and they were struggling to come to terms with it.

Albania in 2007 shows greater prosperity, and certainly the concept of dialogue and of differences being tolerated has grown. However, there are still problems, as I hope to explain. Our trip came at an important time for Albania's progress towards becoming a fully fledged, modern democratic country. Only recently, our Parliament ratified the European Union standardisation and association agreement with Albania. That was critical for Albania. Two of the goals on the path towards democracy are entering the EU and NATO.

Despite its poverty, and despite its many, many problems, Albania has sought to play a major part in the world. It has sent troops to Iraq and to Afghanistan. It has tried to demonstrate its desire for dialogue and engagement with world problems, and to move forward. In early 2008, at Bucharest, it hopes that its request for entry to NATO will be considered.

These discussions are important. They are essential in aiding Albania in its journey on the difficult road towards democratic accountability, good governance and transparency. If we do not have these discussions, if we do not raise these difficult questions, it makes that road so much more difficult to tread for countries such as Albania.

It is also important for countries such as Albania, which have no track record, no history of individual or media freedom and no capacity to have an opinion outside that of the state, to develop those processes. While we were there, we met a group called MJAFT, the principal civil rights organisation in Albania. It is characterised by a new generation of well-educated Albanians, who are determined to create open dialogue, in which criticism and accountability will be central. I was most impressed with what we saw there, and with the desire to move the country forward. As we know, it is never easy to be criticised or to be held to account, but it is one of the central tenets of democracy—and Albania is embracing it.

We visited a trafficked women's rehabilitation centre outside Tirana. We were advised that although trafficking of Albanian women had virtually ceased, there was still both an historic problem and one of women in transit. As we know, Britain is a destination for transited women; 4,000 women are known to have been transited into the UK, and 150 have come to Wales.

We in Wales are sometimes content to think that the world's wider issues pass us by, and to believe that we live in a very comfortable and closed world of villages and close-knit communities. However, when a brothel of whose existence many people in my constituency did not even know was raided by the police in Operation Pentameter, it emerged that there were women in the brothel who had been brought into the country for sexual exploitation. We cannot ignore such issues in our communities. They are an essential part of the IPU's work. We should bring them to the attention of our constituents so that they understand that not only are we working on them at every level but that their importance is also being conveyed to our counterparts around the world at every level.

I was impressed by the Albanians' national strategy for combating trafficking of human beings. Again, from a world of poverty, they are attempting to tackle issues that impact greatly on their country, in relation to organised crime. Criminality is a central problem that Albania must tackle.

The IPU is the focal point for worldwide parliamentary dialogue. It works for peace and co-operation among peoples and for the firm establishment of representative democracy. That work is critical to Albania. As has been mentioned, Albania emerged at the start of the 1990s from the destructive grip of one of the most authoritarian and undemocratic political regimes in Europe. That legacy made it difficult to establish political stability and respect for government and the rule of law. Albania remains the poorest country in Europe. At present, only 20 per cent. of the population live below the national poverty line of $2 a day. It is that sector of the population that suffers most from the lack of access to basic services such as education, water, and health and social assistance.

As I have said, Albania has made impressive progress. The pyramid savings scandal in 1997 wiped out 60 per cent. of the country's private savings and plunged it further into poverty. The collapse of the scheme caused widespread destruction of infrastructure. Guns became widely available. The country is still struggling to recover and regain the lost ground.

Despite Albania being the most isolated country in Europe, its Parliament has not benefited from any structured programme of assistance since the beginning of democratic change. Nevertheless, it has sought to play an international and humanitarian role, in particular in relation to Kosovo, which is especially relevant at present as on 10 December we shall be considering the future role of that country. At a time of huge poverty, Albania opened its borders and took in refugees. Far from seeking to deny its responsibilities, it sought to act responsibly at a time when Europe was yet again plunging into holocaust. We should recognise that Albania has clearly attempted to fulfil its human rights obligations.

Albanian parliamentarians have faced difficulties in fulfilling their legislative oversight and representational functions. Without the necessary financial support for the relevant infrastructure, it is difficult for a Parliament to remain honest and transparent and to avoid corruption seeping into democracy. Visits from organisations such as the IPU will help achieve progress in that respect.

A legacy of the extended period of Stalinist oppression has been public suspicion of and lack of confidence in

government as an ally or effective provider of services. Successive Governments have had only a decade to adapt both to democratic norms and market economics and to gain the trust of the people. It is right that there is wide acceptance within the country that Albania's future is as part of a democratic Europe. Albania joining Europe is about changing attitudes, about the ordinary Albanian's belief and trust in democracy, and about a wider European peace. Past European history has demonstrated how instability in the Balkans can have a huge effect on peace in Europe.

In my short time in this House, one of the things that has frightened me most has been how little many of our young people know of the long road that brought this country to democracy, of how the House works, and of why we conduct our business as we do. If people do not understand democracy, it is so much easier for them to lose it. So many people take this country's human and civil rights for granted—rights towards which Albania is still working. Let me list some issues: religious and sexual freedom; promotion of children's rights; disabled people's rights; the status of women; press freedom; the rule of law; an independent judiciary; freedom from arbitrary arrest and imprisonment; parliamentary processes of accountability; good governance and transparency; the development of civil society; economic development; and access to health and education. Dialogue on those matters is central to the work of the IPU, and that is why our work with the IPU is among the most important that we undertake. It is sad that that work remains hidden from the general public.

4.16 pm

Christine Russell (City of Chester) (Lab): Let me begin with my own tribute to my right hon. Friend the Member for Cynon Valley (Ann Clwyd), who has shown excellent leadership of the British branch of the IPU during the past three years. For a long time—ever since she was a Member of the European Parliament—I have admired the way in which she has championed human rights around the world.

Let me also take this opportunity to pay tribute to the work of Ken Courtenay—he is not here today—and of his hard-working staff. In the past 12 months I have been able to take part in an outward delegation and also in a number of inward delegations. The energy and commitment shown by the London IPU staff is tremendous. They work some very antisocial hours, and we should record our thanks to them.

The IPU is the parliament of Parliaments, and it is as relevant today as when it was first founded 118 or so years ago. Whether we live in the developed or the developing world, 21st century issues such as globalisation, climate change, energy security, mass migration, conflict, and the fact that well over 1 billion people in the world still live in dire poverty affect us all. A great strength of the IPU is that it gives us an opportunity for dialogue on those important issues with our fellow parliamentarians from around the world.

I have been crossing out in my notes several of the comments that I intended to make, because other hon. Members have covered them and I am aware of the time and that other hon. Members who are present may wish to contribute. Another great strength of the IPU is its role in improving parliamentary democracies and promoting good governance and the rule of law around the world.

My first involvement in an IPU activity was back in 1998, I think, when, as a new girl, I took part in a delegation to Guatemala, which was only just emerging from many years of civil war. The delegation was concerned that it would have to ask probing questions—sensitively—about continuing human rights abuses, which it did. We met some very brave politicians, not in formal meetings but by allowing them entry through the back door of our hotel at 6 am so that we could hear first-hand about the abuses still being perpetrated on parliamentarians. My hon. Friend the Member for Islington, North (Jeremy Corbyn) made a very important point: when we return from such outward delegations, we have a responsibility to stay in touch and follow them up. In fact, I am still in touch with one of those brave female politicians whom I met 10 years ago. I recently sent her a dossier on the improvements to our legislation on domestic violence.

I recall another significant IPU event—the 2001 assembly in Marrakesh—when I think that our chairman, my right hon. Friend the Member for Cynon Valley, had just been appointed to the IPU human rights committee. We were without her during the very long hours of our plenary sessions, because she was attending hearings of the human rights committee. That assembly was significant because it sat in the immediate aftermath of the terrorist attacks on New York and Washington. As hon. Members will know, the United States and the United Kingdom follow each other alphabetically. I was really impressed by the number of members of delegations from all around the world who expressed their condolences to us, because they thought that we were members of the US delegation—we happened to be sitting next to where they should have been sitting. I was appalled: I thought that if the Americans were serious about making friends and influencing people, they should have attended that assembly.

I think that the hon. Member for Ribble Valley (Mr. Evans) may agree that, increasingly, football is becoming the international language of diplomacy. That is probably an inappropriate thing to say after last night. Nevertheless, I recall arriving in Marrakesh and, as other members of the delegation checked in, looking at the big screen and seeing that Manchester United was playing West Ham. I rested for a few minutes to watch the match and was joined by a group of fans, who turned out to be members of the Libyan delegation.

Our initial conversation about the achievements of Beckham and Giggs developed into a broader conversation, and the next day we met again. That was significant because it was, I think, one of the first contacts between UK and Libyan representatives, at a time when the Libyans were still subject to UN sanctions; Libya was a pariah state. It was quite clear to us that there was a serious wish on the part of the Libyans to restore diplomatic relations with the UK in particular; of course, we dutifully got that message through loud and clear to the Foreign Office on our return to Britain. When such delegations return home, or following really good dialogue with parliamentarians on inward delegations, it is important that we convey such messages, whether to the Foreign

[Christine Russell]

Office, the Department for International Development or individual Ministers, to the British Council or to other relevant bodies.

This year I joined an IPU delegation to Jordan, which as hon. Members will know is in a very precarious location in the middle east, surrounded as it is by Iraq, the west bank, Syria and Lebanon. The former king, His Majesty King Hussein, played a key role in brokering the peace agreement between the Israelis and the Palestinians in the 1990s. There are, of course, many similarities and close ties between Jordan and the UK: both are constitutional monarchies and, as a number of Jordanian parliamentarians pointed out, our upper Houses are both appointed, not elected.

The visit was immensely worth while. I was so impressed by the amount of time that the Prime Minister, Dr. Marouf al-Bakhit, the Foreign Minister, and other politicians gave to meeting the delegation. He hot-footed it back from an Arab League conference in Cairo for a few hours and then returned to Cairo. I am sure that the Minister will have heard the key message that in the view of the Jordanians and, I suspect, most other countries in the middle east, there will be no peace in the region, nor security in the world, until there is a lasting peace between the Palestinians and Israelis. Interestingly, we also heard an extolment of the European Union, which I had not expected. The Foreign Minister pointed out to us that it was easier for Jordan to trade with Britain than with its neighbours and that Jordan views the EU as an ideal model for economic development throughout the middle east, which I thought was an interesting observation.

In recent years, the IPU has become increasingly concerned and interested in environmental issues and refugee problems. In Jordan, we were given a good insight into how those issues are impacting on a relatively small country with few natural resources. Following on from the comments of my hon. Friend the Member for Bridgend (Mrs. Moon), I hasten to add that on my return everyone asked, "How was Petra?", and I said, "We did not go to Petra." This was not a tourist trip, but five days of jolly hard work and wall-to-wall meetings. However, we went on two excursions out of Amman, one of which was to the Dead sea. Sometimes, one must see with one's own eyes the environmental impact of what is happening. To see the Dead sea, which has shrunk by more than 30 per cent. probably in no more than 30 years, was a real revelation. We also heard about the immensely ambitious and costly plans to pipe water, which is desperately needed, not only for agricultural use but for drinking water for the Jordanians, from the Red sea all the way up to the Dead sea. I am sure that our Government will be called on to support that plan in a forum such as the World Bank.

We also heard about refugees. Jordan has accepted thousands of refugees from Iraq. I think that it may be more than a million; we could not get a definite answer as to whether it was 500,000, 1 million or 1.5 million. It was interesting to know that those refugees have tended to be quite wealthy or desperately poor. The wealthy ones are getting blamed for pushing up house prices in Amman, so Jordanians cannot afford to buy houses in their capital city, but all those who are living in dire poverty are a real drain on the public services in Jordan.

Although initially it was not going to be included in our programme, we insisted—we were right to do so—on visiting Hiteen refugee camp, where there are 45,000 Palestinians. The older ones have been in that refugee camp since 1967 and at the moment they have very little hope of ever leaving it. I have visited refugee camps in Gaza and the west bank and the conditions at Hiteen are probably better than those in Gaza. Even so, those 45,000 refugees have a life of dire poverty and misery.

As the hon. Member for Cheadle (Mark Hunter) said, we must recognise when we meet delegations or go on delegations, that our mature democracy has evolved over centuries. We should never be judgmental. I always apologise for the poor representation of women in our Parliament, but then I say that, actually, when my mother was born, women in Britain did not have the right to vote. It is only in the past 80 years that women have achieved equal rights. It is important that we try to include in our programmes the opportunity to meet women parliamentarians. If, as is so often the case in the Arab world, such women do not exist, I always make the point of saying, "Well, could we please meet women from civil society and opinion formers?" Nowadays, in most countries, as we found in Jordan, women are holding key jobs in education, health and banking, although they may not have a high profile in politics.

There are a couple of other messages that I would like to pass on. It is important for us to appear at least to be a bit more representative than we are and for our delegations to have a good gender balance. Certainly, the delegation to Jordan that I went on has a good 50:50 gender balance, but a number of delegations are all male. That does not convey a good message. There are 880 members of the IPU in our two Houses of Parliament. I am not sure what the gender breakdown is, but perhaps we should do a little bit more to get a few more women parliamentarians to come forward and go on visits.

Finally, I want to plug three great British institutions, starting first with the British Council. I have to declare an interest because my first paid job was with the British Council so I have retained an interest in its work. In the days when I worked for the British Council, we spent most of our time promoting high British—actually, English—culture. I never cease to be amazed and impressed by the quality of the work that our British Council offices do around the world: it is tremendous and is focused on key priorities, such as good governance and equality. That is superb work.

Secondly, I have yet to meet a fellow parliamentarian, whether from Africa, Asia or South America, who does not make a point of saying how much they appreciate and value the BBC World Service. Long may that continue.

Thirdly, I should like to mention the Chevening programme of scholarships. I hope that the Minister is listening, because if we can find the means, we need to expand and extend that programme. A number of countries feel slightly aggrieved because they value those scholarships so much, and over recent years

fewer of their students have been able to come here and benefit from the advantages offered by higher education in Britain.

If Britain wants to retain a leading role and influence in the world, we have not only to sustain those three great institutions but to promote even more to our fellow parliamentarians the great role that the IPU can play in the world today.

4.36 pm

Mr. Nigel Evans (Ribble Valley) (Con): It is a pleasure to say a few words in this important debate on the IPU. I, too, pay tribute to Ken Courtenay and the staff of the IPU for their dedication and commitment. To follow a theme set by the hon. Member for City of Chester (Christine Russell), if it were not for the women working in the United Kingdom branch of the IPU, the IPU would grind to a halt. We pay tribute to the IPU's work.

The right hon. Member for Cynon Valley (Ann Clwyd) has had praise poured and heaped on her, and rightly so. She has shown her usual dextrous skills in leading the IPU for the past three years. Her expertise on human rights and the middle east has held the United Kingdom delegation in good stead in many assemblies, meetings and sub-committee meetings of the IPU internationally. We are grateful for her expertise and for the work that she has done on our behalf, so I thank her for that.

I shall pick up on the three issues mentioned by the hon. Member for City of Chester at the end of her speech, because I was going to say something about them. The British Council is superb. Going on outward delegations normally gives us an opportunity to visit the British Council, wherever it happens to be. In some cases, that may be the only visit from parliamentarians that it gets and at which it can display the organisation's worth.

I was once in Greece and could not work out what a huge queue of young people was doing outside a hotel. I thought that perhaps they were queuing for some form of Greek "X Factor", but they were doing British Council exams. We should not forget the worth and popularity of the British Council throughout the world. I have been privileged to see its work in a number of countries and think it does a fantastic job, not just in underdeveloped parts of the world, but in fairly well-developed areas. Its encouragement for people learning English is important.

We are in a competitive world. The United States has come in for a bit of a kicking, but it does a lot to get its message across throughout the world. My goodness, the British Council sells our universities well! We are a competing with Australia and the United States, and it does a superb job.

The hon. Lady mentioned the Chevening scholarships, and in a small way, I shall show their worth. We took a delegation to Colombia, where we met President Uribe. We do not always meet Presidents when we go on delegation visits, because the most important thing is parliamentarian-to-parliamentarian communication, but on that occasion we worked out that President Uribe is a Chevening scholar. He spent more than an hour with our delegation, and one could still see and hear his enthusiasm for, and memories of, the time that he spent on his Chevening scholarship. I am therefore a doughty fighter for that organisation; it has great worth, particularly when we can meet future leaders of countries and get them into the United Kingdom, so that they gain a better understanding of us, and on returning to their country think more friendly thoughts about us. It is as simple as that, but it works, so three cheers for the Chevening scholarships.

The hon. Lady is absolutely right about the BBC World Service. People throughout the world listen to the BBC on the radio, and increasingly, where they have access to television, they can watch the BBC World Service, too. It is superb, and I hope that we can continue to support that aspect of the BBC in its excellent work.

Mrs. Moon: Does the hon. Gentleman agree that one of the frightening things that one hears on delegations is how many people throughout the world have risked their lives listening to the BBC, because they see it as the only source of truth and honesty from which they can find out what is going on in the wider world? It has been banned for opening up people's minds to ideas and to the desperate need for change in their countries.

Mr. Evans: My hon. Friend the Member for Cotswold (Mr. Clifton-Brown) mentioned Burma, and the hon. Lady is right. When people seek the truth, they will go to almost any extent, including risking their lives, to access it. When I tried to access the BBC's website from China earlier this year, many pages had been blocked. That was a great shame, and I hope that the Chinese authorities reconsider that policy, particularly in the run-up to the Olympics next year. Do they really expect to keep one aspect of the press hidden from the people of China when they open their arms to people from throughout the world? I hope that the authorities think long and hard about that aspect of Chinese life, and I hope also that the Minister will be able to use his good offices to influence the Chinese Government.

The United States has come in for a kicking, and when we turn up to meetings, some delegates—in particular, those from Venezuela at our previous meeting—waste no opportunity to kick the United States, and sometimes it is left to the United Kingdom to say, "Hold on, you're being a bit unfair." However, it would be useful if the USA played a full role in the Inter-Parliamentary Union. I do not blame George W. Bush, but he has not made the situation any better during the period that he has been President of the United States. However, as my hon. Friend said, Congressmen should use their influence to ensure that they become full members of the IPU. They do not have to wait another 12 months, but I hope that whoever occupies the White House after the presidential elections ensures that the US is properly represented at the IPU. It would do their Congressmen the power of good to welcome the delegations that we receive through the IPU, and to attend the outward delegations that we have experienced, and about which we have heard. It is vital to go to countries—developing countries in particular—that one would not otherwise visit to talk informally and sometimes formally with members of Parliament. Congressmen would get an eye-opener.

We went to Gabon one year and, after talking to its politicians and looking around the country, the one thing I came away with was an idea of what the

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Chinese are up to there. They are active in Gabon, by providing international aid and constructing its parliamentary building, and it opens many doors for them. Gabon's resources are valuable to a growing economy like China's, and it is not the only example. If Congressmen were full members of the IPU, they would see more fully what is going on there.

The other important factor is inward delegations. We received one from Burundi last year. I shall leave it to the hon. Member for Islington, North (Jeremy Corbyn) to discuss his recent outward delegation, but I hope that he will refer to football, as it was mentioned earlier, and to the good aspects of the visit, such as the footballs that he gave to the young, poor people of Burundi. Football is a diplomatic tool: we have very good relations with Croatia, for instance, after last night.

Jeremy Corbyn: We used to.

Mr. Evans: No. We have had good relations with Croatia, but I suspect that they love us at the moment. I am not too sure how huge a diplomatic tool football can be, but the hon. Member for City of Chester is right: when we talk to people from abroad, whatever their favourite football team, Manchester United tend to be high on their list.

Last week, Sir Nicholas, you will remember that we received an inward delegation from Cuba, and again, many Members do not have the opportunity to talk to MPs from that country. Members' visits to Cuba are perhaps not as good as they could be, although there is a very strong all-party Cuba group. I hope that we can facilitate more dialogue between Cuban parliamentarians and ourselves. We have already made many inroads on health, so there are good bilateral relations between the United Kingdom and Cuba. I hope also that we can use our influence over the United States to question why the Cuban embargo still exists. The logic really does defy me; it went out of the window a long time ago, and proper relations would benefit not only the United States and Cuba, but the world.

The right hon. Member for Cynon Valley mentioned Iran. One bilateral meeting that we had at the previous full IPU assembly was with some Iranian MPs, and she mentioned one case that we raised with them about two young lads who were hanged after they were accused of being gay. The conversation was surreal to say the least, because there was an attempt to defend the action. Much has been said about the educative aspects of the IPU, but goodness me, didn't I get an education that day? I am not too sure, however, whether there was any education the other way around. I find it hard even to begin to think that parliamentarians could defend the public execution off the back of a lorry of two young lads because they were accused of being gay. At one point, an Iranian MP said, "What they do in private is up to them, but if it is done publicly, they will be tortured." I said, "Tortured? They were executed," although I suspect they were tortured first. It is unacceptable for such things to take place in this day and age. A public execution in any event is fairly barbaric, but to do so because those men were accused of being gay is numbing.

That was not the only subject raised at the assembly, and I am delighted that the right hon. Lady raised several issues about the maltreatment of women in Iran, which takes place simply because they do not abide by the dress code that is imposed on them. We were grateful for the opportunity to discuss that. The IPU a year earlier sent a delegation to Iran to talk to its parliamentarians. I was not sure whether it was the right thing to do, but looking at the issue in the round, I think that parliamentarians talking to parliamentarians and trying to get our message across must be better than turning our backs on them. If we continue at least some form of dialogue with the Iranian parliamentarians, they might stand aside from the regime from time to time, and that is the important thing. When we go abroad and talk to parliamentarians, we are not there to defend or represent our Government; we talk to them about what we do and the issues that we deal with, and they respond to us in the same way. It is important to carry on with such dialogue.

Another important matter is the specialist work that we do on HIV and AIDS. The hon. Member for Walthamstow (Mr. Gerrard) is our specialist on that. He chairs the all-party group on AIDS, and as we speak we are being represented at an international seminar on the issue by the hon. Member for South Ribble (Mr. Borrow). Those two Members have taken a keen interest in the subject. For goodness' sake, we know that HIV and AIDS attack developing countries in particular in the most monstrous way, depleting their most economically active work force and robbing young children of their parents. Millions of orphans throughout the world have been denied their parents because of HIV and AIDS, and either their grandparents or the children themselves have to go to work simply to get their families through the day. It is important that we try to get the message across to parliamentarians about how they can better ensure that their Governments treat the issue seriously. Some Governments are clearly either in denial or not taking it as seriously as they might.

The No. 1 issue—climate change—was properly debated at our last assembly meeting. I can therefore understand why the right hon. Lady felt able to give way on the climate change debate at the Geneva conference so that we could put an emergency, urgent resolution on Burma at the top of the agenda. I am glad that she did so. As parliamentarians, we are all horrified to see what has happened in Burma—the degradation of relationships between the hideous regime and its people, the elected representatives and monks. A society cannot be allowed to turn weapons on monks who are peacefully protesting about the appalling economic conditions under which the people live or to lock away democratically elected politicians, in many cases under house arrest—Aung San Suu Kyi is a perfect, iconic example—or for a long duration in solitary confinement.

One of the more important aspects of our role is how MPs themselves—parliamentarians in this country—can stand up for the rights of other parliamentarians throughout the world who find themselves at the boot end of a regime of dictatorship operating in their country. Long may we continue to be able to stand up in this Parliament and negotiate with other parliamentarians to get their freedom, so that they can speak in their Parliaments with the same freedom that we enjoy in this one.

Sir Nicholas Winterton (in the Chair): Before I call the hon. Member for Islington, North (Mr. Corbyn), I think that he is aware that we want to try to give the Minister about 20 minutes to respond to the debate. I call Jeremy Corbyn.

4.53 pm

Jeremy Corbyn (Islington, North) (Lab): I have done a semaphore exchange with the Minister, and we have reached agreement. I always seek to reach agreement with my own Front Benchers, as he will be well aware. Sometimes, sadly, these things are beyond all of us, but we try.

I welcome the debate and thank my right hon. Friend the Member for Cynon Valley (Ann Clwyd) for her introduction and her work as chairman. I add my thanks to all the staff of the IPU in London for their work. They are incredibly hard-working, efficient and good at arranging outward and inward delegations and taking up often complicated causes when we ask them to. Having recently spent three days at the IPU offices in Geneva on a seminar, I saw that the professionalism and the quality of work done there is superb. The preparations for a report were superb, and we should value that.

I agree with my right hon. Friend's scepticism about the value of the IPU's subsuming itself into the United Nations. I am not being anti-United Nations, quite the opposite, but there is an important role for parliamentarians to play, possibly separate from the UN, but working with it. To subsume the IPU within the UN system might mean that it simply gets lost as yet another UN agency and finds it difficult to get the hearing that it currently gets and the relative freedom to take action on behalf of parliamentarians around the world who are in difficulties because of their views.

The IPU was founded in the period of the 19th century when the idea of holding unaccountable executives to account was fairly new. The idea of a strong Parliament did not really develop anywhere in the world until well into the 19th century, and one must say that those who founded the IPU were visionaries in many ways. It was initially small, because most of the world was made up of colonies of European nations. It started in European nations and has been an important element in promoting democracy and accountable government in Europe. It has been a huge influence in the anti-colonial movement around the world and in a whole lot of things that were spawned from that. We would do well to record our thanks for what the people involved did.

My right hon. Friend the Member for Cynon Valley rightly drew attention to the plight of parliamentarians around the world. An ultra-cynic could say, "Here we go again—British Members of the House of Commons defending other parliamentarians around the world." Yes, we do; not because we think that parliamentarians are exclusively good or special people but because if we cannot defend those who have been elected to represent others and to defend a point of view and other people, how can we defend anybody? That is why it is important that we make an enormous fuss about parliamentarians anywhere in the world, whether or not we agree with them. They have been elected and should be defended.

My right hon. Friend was right to mention the large number of Palestinian parliamentarians in prison in Israeli jails. How can we say to the people of Palestine, "We think you should have an elected democracy"? I was there as an NGO election observer for the presidential election, and there was nothing wrong with the electoral process. There was an awful lot wrong with the roadblocks, the checks and all the harassment that went on, but nothing wrong with the electoral process itself. A president was elected, and a few months later a Parliament was elected. If the message is, "You have elected a Parliament, we don't like the result and we're going to imprison those who were victorious", that is hardly a good advertisement for democracy there or anywhere else in the world. I endorse the call that has been made for the release of Marwan Barghouti and the others, who will be part of a dialogue that will eventually bring about peace and justice for the Palestinian people. That in turn will bring about security for ordinary people in Israel—the two things are indivisible.

My right hon. Friend also mentioned Turkey. For a long time, she and I have taken up the case of the Kurdish parliamentarians who were imprisoned. I was in Turkey last month, and during my visit I saw problems such as the lack of recognition of Kurdish parties and the 10 per cent. voting threshold that Turkey imposes before a party can be represented nationally. There are serious problems with that, but a large number of independent parliamentarians essentially represent the interests of Kurdish people in the south and east of Turkey. My position is not to endorse or support any violent activity by the PKK or anybody else, but if political representation, cultural identity and the right to speak one's own language are locked off, there ain't much left as an alternative. That is what has fuelled so much anger and violence in southern and eastern Turkey for a long time. We must bear that in mind.

We were successful in the campaign for the release of the former Deputy Prime Minister of Malaysia, who suffered the most appalling abuse and had the most appalling nonsense spoken about him. The campaign brought about his release.

Next Wednesday I have secured an Adjournment debate—sadly only half an hour, but that's the way it goes—on Bangladesh. There are serious concerns that the interim Government there have continually increased their own longevity. Elections have not been held, and they now say that they need a year to prepare for elections. I realise that the tragedy of the cyclone and the floods must take priority over absolutely everything in the immediate future; I am not saying anything different. But, as a Commonwealth country, a member of the IPU and a democratic country—its constitution is democratic—Bangladesh should hold elections and the democratic process should take over. The democratic process is not enhanced by suspending political activity, banning political parties or imprisoning political leaders. If that happens, people resort to other means of doing things.

The hon. Member for Ribble Valley (Mr. Evans) mentioned the situation in Colombia, which I once visited on a trade union delegation. I will never forget meeting Colombian members of congress and Senator Wilson Borja. Visiting his house was like going to an Army camp in South Armagh 20 years ago. It had

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barbed wire, watch towers and cameras, and that was for a radical, centre-left politician who has been shot at a number of times, very seriously injured on many occasions and survived. His idea of political activity is extremely limited because he cannot travel around and there are frequent threats to his life. There are also threats to many others—he is just one example. Many trade unionists have been killed in Colombia in the recent past. A democracy is not just about having a president and elections but about having the freedom to express oneself politically and engage in political debate. That is not necessarily available for all the people all the time in Colombia.

We are about developing accessible and accountable government. Most hon. Members have mentioned—certainly my hon. Friend the Member for City of Chester (Christine Russell) did—post-conflict societies, how they have to emerge into a democratic model, and what support, recognition and help one can give them in doing that. She talked about Guatemala; sadly, the human rights abuses there, particularly of children and indigenous women, are far from over. While the rates of murder and disappearances are not as high as during the civil war, they are not far off in the poorest communities.

I was invited to lead an IPU delegation to Burundi in September, and it was a very interesting experience. I will not go into all the details because I gave a fairly full report yesterday at the report-back meeting. Burundi struck me as being rather like Rwanda and neighbouring states that have gone through the most incredible conflict, the like of which we can hardly understand. Some 300,000 people have lost their lives in the conflict in the past decade or so. Depending on whom one believes, that amounts to between 5 and 10 per cent. of the population. The median age of the population is 16. There are desperate attempts to develop free primary education, which I absolutely endorse, and free health care for under-fives and nursing mothers, which I also absolutely endorse. It is a very brave attempt by Burundi to achieve its millennium goals. Again, I thank the Department for International Development and others for giving the necessary support to go some way towards achieving those goals.

During that delegation, we spent a lot of time meeting representatives of the Senate and the National Assembly. We kept on emphasising the importance of having a parliamentary system that held the Government or the Executive to account. There is nothing wrong with a Parliament disagreeing with an Executive, and there is nothing wrong with MPs asking Governments and Executives awkward questions. That is why we exist. I emphasised that I have exercised that position fully here over many years, as have many others. That is what we are here for; we are not a rubber stamp or a technical process. We are part of the whole process.

The delegation met for a long period and had a very good meeting with the Burundi human rights group. We talked at length about its need for support, facilities and operations, because when a country comes out of that kind of conflict, human rights abuses continue and there is continual instability. There is also a large number of people with not much to do, who have knowledge of and access to weaponry and guns. If the whole thing goes wrong, the country could easily implode back into civil war. We have a responsibility to support the development process, and I see the development of accountable government as a part of that.

Mr. Clifton-Brown: Does the hon. Gentleman agree that post-conflict states are very vulnerable in the five years after a conflict and are likely to go back to the previous conflict unless they can get the sort of institutional change that he is talking about? It is all very well to have a Parliament that can hold a Government to account, but one thing that DFID is working very hard on is to establish capacity within Governments in such weakened states. Typical examples are Iraq and Afghanistan. The capacity of the Government to deliver any public service is, in both cases, and in a lot of African states, very low. That is what DFID is very good at doing, and we need to concentrate on that aspect.

Jeremy Corbyn: I do not disagree with any of that. Unless the Government of Burundi can develop and deliver the education, health and other services that are vital to the future of the country, all the institutions in the world will not be any good because people will say, "We have elected parliamentarians and politicians and we are still hungry, homeless and illiterate. We still cannot get a doctor or go to a hospital and we are still reliant on tiny remittances from abroad." I once asked somebody in the Congo how the economy of Kinshasa worked. They said, "You buy something in small quantities and sell it in smaller quantities to someone who sells it in even smaller quantities", and so it cascades down the line. There is no real economy there and that is the danger. That is why we have to give support now to countries such as Burundi that are coming out of conflict, otherwise they will descend back into conflict. There is never a shortage of guns in poor countries, but there is always a shortage of food, books and doctors, and we have to do what we can.

The hon. Member for Ribble Valley pointed out that we had one or two nice moments during our visit. My local football team, Arsenal—everyone will have heard of Arsenal—very kindly donated a box of footballs for us to give to a school. We gave them to children who were orphans of the war or AIDS. Football is a universal language and, for the first time, we had real conversations with real people about matters of real importance. Sadly, it turned out that some of the children had, in a very misguided way, been supporting Manchester United. I was forced to stay behind and help them. However, it was a very nice occasion and I want to put on record my thanks to Arsenal for that gesture. It was a very nice gesture and I imagine that it is something we could repeat on other IPU visits. It certainly beat all the other gifts we gave out, and was very popular.

I want to mention another point very quickly because I know that the Minister wants plenty of time to reply. Last month, in Geneva, I attended the IPU-International Labour Organisation-UN Commission on Human Rights seminars on migrant workers around the world, which lasted three days. There was a delegation from Britain and three other European countries, and that was it. There was a large delegation of African countries, and a good representation from Latin American and Asian countries. What is wrong with European Governments and parliamentarians that they find it so difficult to get

to Geneva for three days in September? I know that it is a long journey from Paris to Geneva, and a horrendous journey from Berlin, but people made it from southern and central Africa to discuss the plight of the fourth world—the undocumented migrant workers and people who are dying in the ocean trying to get to the Canary Islands, to cross the Mediterranean to get into Spain or Italy, because they are desperately poor and they want to make something of their lives. They then lead a twilight existence in western countries, like the Mexicans in America and so on; there are plenty of parallels around the world. We have a responsibility to try to do something about it.

I was very pleased to be able to go on that delegation, and I was elected the rapporteur of the conference. We put forward a number of ideas, which will be fed through to the migrants conference next year and the IPU assembly. I am grateful to the IPU for sending me there. There are lots of other issues relating to human rights abuses that I would like to mention, but I will conclude with this thought. We all campaigned for an end to the apartheid regime in South Africa because it was morally wrong and evil. That was very unpopular in the 1960s, moderately unpopular in the 1970s and fairly popular by the 1980s, but it was never easy. It is very difficult sometimes to raise human rights issues, particularly if it is believed or perceived that we have a close economic interest in the country in question. That is why, yes, of course we should raise human rights violations in Burma, but we should do the same if China, India or Saudi Arabia are involved. I have tabled an early-day motion along the line of the points made by my right hon. Friend the Member for Cynon Valley when she introduced the debate.

We have a great institution in the IPU, which is about bringing accountable elected government to the world, as far as possible. I hope and believe and wish that the United States will rejoin the IPU. I have friends in the US Congress—yes, I do, in the anti-war group within Congress. I have said to them, "Join the IPU. It is another forum in which to make better contacts with the rest of the world." That would make the IPU a much stronger organisation.

Sir Nicholas Winterton (in the Chair): With the leave of the House, I call the Minister, who I am sure will be able to wind up the debate.

5.10 pm

Mr. Jim Murphy: Thank you, Sir Nicholas. With the leave of the House, I would like the opportunity to do just that. I hope that no one takes this the wrong way, particularly you, Sir Nicholas. Occasionally in the course of a parliamentary day but often in the course of a parliamentary week, one hears an interesting speech. What has been fascinating today—I hope that you will agree, Sir Nicholas—is that we have heard seven interesting speeches. I have learned something different from each and every one of them. I am not complaining about the amount of time that is available to me, because it was important that everyone had the opportunity to speak about their own experience, but I may not be able to respond to every point. However, I will ensure that the Secretary of State has an opportunity to pay close attention to many of the specific details that were discussed.

I would like to thank you, Sir Nicholas, for presiding over our sitting in the way that you did. I am reliably informed that you are one of the members of the executive who has attended every executive meeting. You have an unblemished attendance record. As a former Whip, I am proud of you.

The hon. Member for Cotswold (Mr. Clifton-Brown) made an interesting speech. He, too, is a former Whip. He spoke about his experiences during a visit to Mexico and many other matters to which I shall respond in a moment. He also gave an impromptu democracy audit, and I share his assessment.

We have heard about worrying and continuing problems in different parts of the world. We can even look on our near doorstep at the massive transformation in eastern Europe that has occurred in our own lifetime. Things are not perfect, and there are continuing worries about some countries. For example, there were recent announcements about a lack of election monitoring in Russia. There are still problems there, but the spread of democracy closer to home than some of the areas that have been discussed is a cause for celebration.

The hon. Member for Cheadle (Mark Hunter) made several points to which I will respond. He spoke about the importance of gender equality and other issues for this country: our interface with parliamentarians outside of Europe, and the parity and participation of black and minority ethnic citizens in our own Parliament and the signal that that sends to parliamentarians in the countries with which we seek a dialogue. I believe that it was the hon. Member for Cotswold who quoted Edmund Burke. I do not seek to quote him but to record the fact that he opposed extending the franchise to women. To return to the point made by the hon. Member for Cheadle, perhaps the quote is not one that can be used in all cases.

I understand why the hon. Member for Rayleigh (Mr. Francois) cannot be with us today. Quite rightly, with all cross-party support, he is celebrating the return of the 1st Battalion the Royal Anglian Regiment, which has done a phenomenal job in southern Afghanistan as part of the international effort. We all rightly pay tribute to their work.

I shall deal with some of the specific points and countries that have been mentioned. It was right that everyone paid tribute to my right hon. Friend the Member for Cynon Valley (Ann Clwyd). I remember throughout the mid-1980s, when the matter was not headline news, trying to organise demonstrations in Scotland about Kurdish rights. Other Members were also involved in that. My right hon. Friend was the leading voice throughout that period.

My right hon. Friend raised specific points about Saudi Arabia and told us about the terrible case of the young lady there. We all share her concern about those horrible events, and we continue to raise with the Saudi authorities our specific and general concerns about human rights. We did so again recently during the two kingdoms conference.

On the wider points about parliamentarians in Eritrea and Palestine—my hon. Friend the Member for Islington, North (Jeremy Corbyn) also raised the matter—and the specific points about Marwan Barghouti and others,

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the fact is that the Foreign and Commonwealth Office has expressed its continuing concerns about Palestinian prisoners who are being held in administrative detention, and we will continue to raise the matter with the Israeli authorities. We are and will continue to be in close contact with the International Committee of the Red Cross, which monitors conditions in Israeli prisons. I shall bring the matter to the attention of the Minister for the Middle East, specifically the points raised by my hon. Friend the Member for Islington, North, my right hon. Friend the Member for Cynon Valley and my hon. Friend the Member for City of Chester (Christine Russell).

Mr. Clifton-Brown: In order that something positive can come out of this debate, will the Minister make personal representations to his former colleague the right hon. Tony Blair about the Palestinian MPs who have been arrested by the Israelis? It seems to me that if we could get rid of that layer of anxiety, it would be the first step towards peace between those two countries.

Mr. Murphy: I am certain that that would be part of the solution to the remarkably multi-layered and complicated dynamic that is peace in the middle east, which often is about process and staging posts towards what we know is the ultimate solution of two democratic states living side by side with one another, both of which are viable, both of which are friends, and both of which, in time, have normalised relationships of the kind that many adjoining countries around the world take for granted. Of course those are important issues. I am not certain whether I will have an opportunity to raise them with Tony Blair before the meeting in Annapolis next week, but they will be part of the conversation that will take place there.

Hon. Members on both sides of the House made the point that if a Government have confidence to abuse their elected politicians, there is a near certainty that they are dismissive of their own public's rights. That is no more certain than in Zimbabwe, where grotesque violations of human rights and the disruption of the country are clear for all to see. That is why, among other things, the United Kingdom will not participate in the forthcoming EU-Africa summit. It would send the wrong signal and legitimise Mugabe at a time when he is so ill-deserving of that.

We have ensured that if Mugabe were to attend the gathering, there would be high-level representation by all European Union members in a plenary session. I believe that we all agree that we should not allow one individual to overshadow and make a mockery of a fundamentally important and historic gathering of two great groups of nations, which will try to find some solutions to long-term systemic and structural problems, not least getting the millennium development goals back on track.

On the points raised by almost everyone about Burma, it is clear that the IPU's work on that country is of crucial importance. The decision to prioritise the resolution sent a clear and important message. The UK Government—supported on a cross-party basis, it is fair to say—continue to send that message. A Government who can abuse the many hundreds of peaceful, spiritual monks in public view in the way that they did, are a Government who, in private, behind closed doors and away from the TV cameras, are doing much worse to their general population. Perhaps that is the wrong way of looking at the situation, but it is one way of judging it.

The Prime Minister and the Foreign Secretary therefore raised Burma with the UN Secretary-General, Ban Ki-moon, and senior leaders and Ministers in Europe, Asia and north America, and will continue to do so. We have discussed the matter at the EU. Indeed, I attended a meeting earlier this week at which it was discussed, and the Foreign Secretary attended a meeting last month at which specific, detailed agreements were put in place. Important sanctions have been put in place, but we do not rule anything out in terms of further European sanctions against Burma.

My hon. Friend the Member for City of Chester referred to the British Council, and an interesting insight into its work is that its offices are one of the few places where the country's citizens can still access the internet. The hon. Member for Ribble Valley (Mr. Evans) referred to his experience of queues outside another British Council office, but that is also happening in Burma. There is anecdotal evidence that the children of the regime are also trying to find out what is happening in the world. That is not the British Council's purpose, but it plays a crucial role there, as in many other places.

Earlier this week in Brussels, I had the opportunity with 26 other European Ministers to meet Iraq's Foreign Minister. The UK and, importantly, France have tabled a joint paper with Sweden on human rights and developments in Iraq. The French Minister for Europe publicly and rightly raised the issue of the death penalty in Iraq, and we shall continue to do so.

My hon. Friend the Member for Bridgend (Mrs. Moon) spoke about her recovery from "Groganitis" while making her informed points about Albania. We all know that Albania is recovering from a remarkably dark period in its history, and it is the responsibility of all of us to support it in that. We are doing what we can. Albania's leadership in respect of Kosovo is remarkable, in both support of refugees and its diplomatic posture. Despite the direct impact on Albania, it has argued eloquently that the issue must be resolved through the international process based on President Ahtisaari's proposals. That is important.

I do not know whether this is the feedback that my hon. Friend received, but our embassy in Albania referred to an anecdote arising from the IPU's visit. Albanian parliamentarians valued the fact that they met not the Government, but individual parliamentarians. One Albanian MP said that because a Member of Parliament made the comment that passing legislation and not implementing it brought Parliament into disrepute, it made an impact. I am not sure which Member of Parliament it was—it may have been my hon. Friend the Member for Bridgend, although I was not aware of that when I mentioned it—but the comment was one of many that hit home, not least in Albania. I am sure that such comments from IPU colleagues make a lasting impression on other politicians' perception of the UK, and perhaps in some small but important way have an impact on their actions as politicians.

My hon. Friend the Member for City of Chester rightly raised a number of points, as did other hon. Members, about the British Council, the BBC World

Service and the Chevening scholarships. Time does not allow me to pay proper tribute to all three, but the British Council does inspirational work throughout the world. I grew up in South Africa during apartheid, and the World Service when I was a child was one of the few sources of objective information about what was happening in the world, as opposed to the version of events that I was invited to believe by the state-controlled South African Broadcasting Corporation. The BBC World Service is about to launch a remarkable Arabic service, which my hon. Friend the Member for City of Chester may be aware of, and which parliamentarians may have an opportunity to visit. The investment and reach of that service will be of phenomenal importance.

Last night, I spoke at a reception for Chevening scholars from a variety of countries, not least Iran, China and Mexico. Our relationship with some of their Governments is good, and with others it is not so strong, but it was clear that even during the short time that those scholars have been in the UK we have managed to develop a bilateral understanding through scholarship on one another's cultures.

My hon. Friend the Member for City of Chester referred to Jordan, with which we have much in common. It is playing a progressive and important role in the middle east peace process, and I am sure that it will continue to do so at Annapolis and beyond in the months to come.

The hon. Member for Cheadle, among others, spoke about the importance of the European Union. I do not want to belittle today's debate by referring to the to-ing and fro-ing on the European treaty issue because that is for another day, but the European Union has a phenomenally important role on almost every issue that we have discussed today. If it makes sense for parliamentarians to come together to share concerns and exercise influence on a wider stage, as it does, it obviously makes as much sense for Governments and nations to come together through the European Union to exert even greater influence, not just in the countries that we have spoken about, but in Pakistan and many other parts of the globe. An important part of the European Union's soft power is that it has been able to persuade Albania, Kosovo, and in time perhaps Serbia and other nations, such as Turkey, to conform to democratic norms and to introduce important changes.

The hon. Member for Ribble Valley (Mr. Evans) spoke about the worry, which I occasionally share, that some people, but not those who have spoken today, seem to look at much of the debate about human rights and internationalism through the prism of anti-Americanism. That is unfortunate. It is a legitimate perspective, but it is wrong. The hon. Gentleman balanced that in his comments, and my hon. Friend the Member for Islington, North also balanced that by talking about China and the important work on human rights that must be done there.

The importance of the IPU raising climate change and sustainable development is that it is not seen as coming from the UK Treasury or the Government. It is a legitimate cross-party concern of UK parliamentarians.

Time will not allow me to deal with all the points raised by hon. Members. However, my hon. Friend the Member for Islington, North spoke about what might be described as the poorest billion citizens on our planet. He referred to international migrant workers, and the Foreign Office would certainly be interested in his work as rapporteur. Other hon. Members referred to Burundi, and the hon. Member for Cotswold was correct when he referred to the importance of development post-conflict, as a way of preventing repetition of that conflict. In Burundi we are investing in a programme aimed at building Government capacity, and supporting health and education.

Unfortunately, I cannot respond to all the points raised today, but I shall finish with a lighted-hearted point raised by my hon. Friend the Member for City of Chester. She said that football is the new international diplomacy, and the British Council has also referred to that, as did my hon. Friend the Member for Islington, North, but he should have declared an interest, because his son works for Arsenal, and I met him when I visited Arsenal. My hon. Friend the Member for City of Chester declared an interest because of her previous employment, and I should declare an interest because I gave my hon. Friend's son an award.

Despite the events of last night, we continue to support Croatia's continued aspiration to become a member of the European Union, and as a Scot, I continue to support Italy's membership, although I am not so sure after the Spanish referee's decision at the game last week.

I shall be going from the Chamber straight to Wembley to play with the all-party parliamentary football team in a football match to raise money for charity, and I invite all hon. Members—including you, Sir Nicholas—regardless of footballing prowess and experience, to join me in that adventure.

Question put and agreed to.

Adjourned accordingly at half-past Five o'clock.

Written Ministerial Statements

Wednesday 7 November 2007

TREASURY

United Kingdom/Saudi Arabia (Double Taxation Convention)

The Financial Secretary to the Treasury (Jane Kennedy): A new Double Taxation Convention with Saudi Arabia was signed on 31 October 2007. After signature, the text of the convention was deposited in the Libraries of both Houses and made available on HM Revenue and Customs' website. The text of the convention will be scheduled to a draft Order in Council and laid before the House of Commons in due course.

BUSINESS, ENTERPRISE AND REGULATORY REFORM

Landward (Onshore) Oil and Gas Licensing Round

The Minister for Energy (Malcolm Wicks): I am pleased to inform the House that I am today inviting applications for Petroleum Exploration and Development Licences (PEDL) for unlicensed blocks in parts of England, Scotland and Wales which will form the 13th round of landward petroleum licensing.

Strategic Environmental Assessment (Sea)—Post Adoption Procedures

BERR's draft plan to offer licences for onshore oil and gas exploration and production through a 13th licensing round has been the subject of a Strategic Environmental Assessment (SEA) initiated in 2005. The SEA is documented on the Department's website at: www.og.berr.gov.uk/consultations/index.htm.

The SEA considered the alternatives to the draft plan and the potential implications of resultant activities in the context of the objective of the draft plan, the SEA objectives, the existing regulatory and other control mechanisms, the existing environmental problems and their likely evolution over time, and in the light of scoping feedback provided by consultation bodies and others. The conclusion of the SEA was to proceed with the licensing programme, but with some licensing conditions. It was recommended that BERR place an explicit expectation on licence applicants to demonstrate understanding of the environmental sensitivities and potential constraints on blocks both at the application stage and during any subsequent operations.

The assessment was documented in an environmental report which was subject to a three-month public consultation. The start of the consultation was widely advertised in newspapers and by email.

All responses received from statutory and other consultees on the draft plan and the environmental report have been considered by BERR and a post consultation report prepared and placed on the Department's website (link above). This report summarises consultee comments and BERR responses to them.

In deciding to proceed with a 13th onshore licensing round, BERR has considered the conclusions and recommendations of the SEA environmental report together with feedback received from consultees.

Under the terms of a PEDL, licensees may not conduct activities such as the drilling of wells, installation of facilities or production of hydrocarbons without the authorisation of the Secretary of State and licensees are required to provide proof to BERR that the relevant planning and other permissions and consent(s) have been obtained.

Once block applications have been received, the Department will undertake a plan level appropriate assessment (AA) screening or full assessment (as appropriate) of the potential for likely resultant activities in the blocks to adversely affect the integrity of Natura 2000 conservation sites. This AA will consider specific blocks and provides BERR with a further opportunity to identify if there are overriding reasons not to offer a licence for a particular block.

In addition to the website above, a copy of the SEA environmental report and post consultation report can be reviewed at:

Department for Business, Enterprise and Regulatory Reform
1 Victoria Street
London
SW1H0ET

Arrangements to view these reports can be made by telephoning 02072155032.

Companies Act

The Minister for Competitiveness (Mr. Stephen Timms): The Companies Act 2006, which received Royal Assent on 8 November 2006, will bring major benefits to business by modernising and simplifying company law.

The Government set out the commencement timetable for the Act by written statement on 28 February 2007. There were three main phases to the implementation timetable, with most provisions being commenced on 1 October 2007, 6 April 2008 or 1 October 2008.

In line with this timetable, a major tranche of provisions was commenced on 1 October 2007, including provisions relating to directors' general duties, the business review and company resolutions and meetings. A further tranche of provisions will be commenced with effect from 6 April 2008, including the provisions relating to accounts and reports, audit and abolishing the obligation on private companies to have company secretaries.

The written statement of 28 February 2007 explained that we need to ensure that the registrar of companies has sufficient time to implement important changes to Companies House systems and processes in relation to areas such as company formation, and give appropriate notice to users of the new forms. For this reason, the Government decided that the commencement of provisions most closely relating to these changes should be commenced with effect from 1 October 2008.

Companies House has made considerable progress with the necessary changes to its systems and processes. However, there remains a great deal of work to be done

and the Registrar of Companies has advised that he cannot be absolutely confident that the necessary changes can be completed on time. The Government recognise that business needs certainty about the implementation timetable, and has therefore decided that the commencement date for most of the provisions due to be commenced on 1 October 2008 should be put back to 1 October 2009. This includes provisions relating to company formation, share capital, company and business names and directors' residential addresses.

There are some provisions due to be commenced on 1 October 2008 which do not necessitate changes to Companies House systems and processes. These could still be commenced on 1 October 2008, but we recognise the need to balance the timing of the commencement of deregulatory provisions against the complexity of phased implementation. The Government therefore intends to consult key stakeholders about the commencement date for the following provisions:

sections 69 to 74: objection to company names;

sections 82 to 85: trading disclosures;

sections 155 to 159: provisions relating to corporate directors and under-age directors;

sections 175 to 177: general duties of directors in respect of conflicts of interest;

sections 182 to 187: declaration by a director of an interest in an existing transaction or arrangement;

sections 811 (4), 812 and 814: inspection of register of interests in a company's shares;

repeal of the restrictions under the Companies Act 1985 on financial assistance for acquisition of shares in private companies, including the "whitewash" procedure.

I will make a further statement in December setting out the final commencement timetable in the light of these discussions.

CHILDREN, SCHOOLS AND FAMILIES

Free Early Education Entitlement

The Minister for Children, Young People and Families (Beverley Hughes): I am announcing today plans to implement the Government's commitment to extension of the free early education entitlement for three and four-year-olds to 15 hours each week for 38 weeks a year.

A longer entitlement, delivered more flexibly, will give children an even better start in life than the current arrangements and will give parents greater choice in balancing their work and family life. That is why over the next CSR period we are making funding available to enable every local authority to deliver 15 hours free early education a week to all 3 and 4 year olds for 38 weeks of the year, and to ensure the options available for using it are more flexible.

The extension will be phased in over the three years of the CSR period. Twenty pathfinder local authorities have been delivering the extended flexible entitlement since April 2007, assessing the demand for different patterns of provision, and exploring ways of working that enable greater flexibility in a diverse childcare market. Another 14 local authorities have been selected to join this group as a second wave of pathfinders, starting in September 2008. These authorities are: the London boroughs of Hackney, Lambeth and Brent, Wolverhampton, Liverpool, Salford, Kirklees, Middlesbrough, North-East Lincolnshire, Luton, Durham, Southampton, Nottingham City and Cornwall.

All local authorities not involved in the pathfinder phase will be funded to deliver 15 hours more flexible provision to their most disadvantaged children from September 2009. A year later the rollout will be completed, with every three and four-year-old eligible to receive 15 hours free per week, to be delivered as flexibly as possible in response to parental demand from September 2010.

The extension of the free entitlement and more flexible delivery will be funded through a new investment of £80 million/£170 million/£340 million over 2008-11, which will be made available through the standards fund.

This funding is over and above the amount already provided for the free early education entitlement as part of the dedicated schools grant. This large injection of additional funding emphasises the Government's commitment to ensure that every child gets the best possible start in life and to help as many families as possible escape poverty and balance work and family life effectively.

DEFENCE

Service Complaints Commissioner

The Minister for the Armed Forces (Mr. Bob Ainsworth): A number of improvements have been made to the Service redress of individual grievance process (the Service complaints process) under the Armed Forces Act 2006 in light of recommendations made by Nicholas Blake QC. One of these is the establishment of the post of Service Complaints Commissioner, which will introduce an element of independence to the system and provide assurance that the system is working fairly and effectively. I am pleased to announce that Dr Susan Atkins has been appointed to the post of Commissioner. She will have a comprehensive induction prior to taking up full duties when the new Service complaints process comes into effect in January 2008.

As Commissioner, Dr Atkins can receive complaints directly from Service personnel, or allegations made on their behalf by family members or other third parties, about any wrong against a Service person in relation to harassment, bullying or other improper behaviour, and will have the power to refer them to the chain of command for action. She will be notified of the outcome. The Commissioner will also provide an annual report to the Secretary of State for Defence on the fairness, effectiveness and timeliness of the Service complaints process which will be laid before Parliament and published.

The appointment of the Commissioner is an important step towards the full implementation of the new Service complaints process which is due to come into effect in January 2008.

Afghanistan: Operational Command and Control

The Secretary of State for Defence (Des Browne): As part of our ongoing support to current operations, I am today announcing the formation of a temporary brigade headquarters to command UK forces in Afghanistan over the period October 2009 to April 2010. The brigade, which will be known as 11 Light Brigade, will be formed from existing service personnel and will be based in Aldershot.

The current deployment of UK troops in Afghanistan as part of the NATO-led international security assistance force is planned until 2009, although we have always made clear that our commitment to Afghanistan is a long-term one. The precise size and duration of the UK military in Afghanistan will depend on a number of factors, including the ability of Afghan security forces to take greater responsibility for the security of their own country. However, to ensure that any forces we might deploy are properly prepared and commanded, it is necessary for the brigade headquarters to be established now. We will keep our planning assumption under review but currently we assess that this HQ would disband on its return from Afghanistan.

FOREIGN AND COMMONWEALTH OFFICE

Visit of Prime Minister Erdogan of Turkey

The Minister for Europe (Mr. Jim Murphy): The Prime Minister of Turkey, Recep Tayyip Erdogan, visited the UK on 22 to 23 October. This visit provided a good opportunity to discuss not only issues relating to Turkey's EU accession negotiations, but also the broad range of shared interests.

During his meeting with Mr. Erdogan on 23 October, the Prime Minister reiterated the UK's strong support for Turkish accession to the European Union, and encouraged the Turkish Government to continue with its programme of reforms, and implementing its obligations to the European Union. In the context of a series of separatist Kurdish PKK attacks on Turkey in recent weeks, the Prime Minister condemned the indefensible terrorist violence, welcomed Turkey's restraint in the face of severe provocation, and urged continued dialogue with international partners to resolve the issue.

The meeting also covered the launch of the Turkey/United Kingdom Strategic Partnership 2007-08. This document draws together into one jointly agreed high-level bilateral document the breadth of co-operation across the two Governments on a wide range of issues.

These include work to further Turkey's EU accession process; improve our co-operation on global security (in particular the fight against terrorism, weapons proliferation, and organised crime); promote regional stability; deepen the defence relationship; tackle climate change and co-operate on developing secure energy supplies; increase our bilateral trade and investment; and increase our ties in education and culture.

In addition, the strategic partnership covered Cyprus settlement issues. It emphasised the primary importance of supporting the UN's efforts to reunify the island. The leaders of the two communities in Cyprus reached agreement on 8 July 2006 on steps designed to lead to a resumption of settlement negotiations. That agreement, which has the full support of the UK, UN Security Council and the international community, has yet to be implemented. During his meeting with Mr. Erdogan, the Prime Minister underlined the importance of all parties seizing the opportunity for progress next year.

The strategic partnership also described a number of measures designed to bring the Turkish Cypriot community closer to Europe in order to prepare for reunification.

HOME DEPARTMENT

Justice and Home Affairs Council

The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier): The Justice and Home Affairs Council will be held on 8 and 9 November 2007 in Brussels. My right hon. Friend the Lord Chancellor and Secretary of State for Justice, the Solicitor General of Scotland, Frank Mulholland, the Parliamentary Under-Secretary of State for Justice, my hon. Friend the Member for Lewisham East (Bridget Prentice), and I will attend on behalf of the UK.

There will be a lunch before the start of the Council on 8 November for Interior Ministers, where the presidency is expected to report on the current work of the future group on home affairs. The Government would like to ascertain Slovenian plans for the group as the incoming presidency. My right hon. and noble Friend Baroness Scotland represents the Common Law Group of countries including the UK on this group.

The Council will start with the Mixed Committee items also attended by Norway, Iceland and Switzerland. Among these will be reports on the state of play regarding biometric visas, common standards on returning illegally staying third country nationals, and the implementation of SISOne4all, SIS II and the SIS Communication Network. The Government remain keen for implementation of the Schengen Information System II to stay on timetable.

The presidency is likely to put the data protection framework decision to a general approach on the articles and certain recitals. The Government support the proposed general approach.

The main agenda will open with a discussion of chapters 2 and 3 of the draft Council decision on Europol. The Government support the proposed conclusion of negotiations of these two chapters, which deal with information processing systems and common provisions on information processing. The text offers a balance of giving Europol added flexibility enabling it to establish new data systems while at the same time providing limits on what can be stored and safeguards for the protection of personal data. The Government also support the proposal for the implementation plan, which has been developed at the request of the June JHA Council to set out the steps and timescales for the introduction of Community Financing for Europol from January 2010.

The presidency is likely to seek a general approach on the Council decision implementing the Prüm arrangements for the exchange of data on fingerprints, DNA and vehicle registration. This instrument sets out the technical details to bring into operation the original Council Decision on Prüm, which was agreed in June. In parallel the presidency has sent the text of the Council decision to the European Parliament for an opinion to be delivered during the European Parliament plenary session on 9 and 10 April 2008.

The proposal on Council decision on the improvement of co-operation between the special intervention units of the member states of the European Union in crisis situations is also likely to go to the Council for a general approach. This decision creates a framework for crisis intervention units from a given member state to provide assistance to other member states. The UK is supportive of this decision as it enables member states to receive assistance from other member states if they so require, although the UK does not envisage needing to use this agreement. The scheme is voluntary and places no obligation on member states to either request or provide assistance. The UK is able to provide assistance to another member state if it wishes to do so under this agreement. If we want to call on assistance from another member state for a foreign crisis intervention unit to exercise police powers here, we would need to make legislative changes to UK law. The European Parliament's opinion is also outstanding on this proposal and is expected after 15 January 2008.

Two new draft directives on legal migration will be presented by the Commission. The first is for a new EU "Blue Card" scheme to attract highly skilled migrants. The second proposes a single application procedure for third country nationals entering the EU, combining separate applications for residency and the right to work into a single application. We will only opt-in to these directives if it is in the UK's national interest to do so and we judge them to be compatible with our points-based system for managed migration.

Although the UK is not participating in the application of the draft regulation amending the common consular instructions, the UK has been involved in the discussions, particularly where they relate to biometric capture and age limits. The presidency noted that a number of key issues, which had been extensively examined at working party level, remained outstanding, and that further discussion with, among others, the European Parliament is necessary.

The presidency will report on progress made in negotiations on the draft directive on common standards and procedures in member states for returning illegally staying third-country nationals. The Government made the decision not to opt in to this Directive shortly after it was issued in September 2005. The Scrutiny Committees of both Houses agreed with that decision. Negotiations in the Council have been lengthy and the first reading has not yet been completed. There are a number of outstanding issues unresolved. The content of the draft directive has not changed sufficiently for the Government to reassess the original decision not to opt-in.

The presidency will report back on the Balkans Ministerial Forum on Justice and Home Affairs that took place in Brdo in October. They will also announce the EU-LAC (Latin America and Caribbean) seminar on migration.

The presidency also wants to obtain agreement on the proposed directive on certain aspects of mediation in civil and commercial matters. The Government support this proposal. It believes this type of citizen focused practical measure demonstrates the value of European co-operation in this field. By promoting the use of mediation to settle cross-border disputes this instrument will be of benefit to Europe's citizens and businesses.

A debate is also scheduled on certain aspects of the proposed Council framework decision on the recognition and supervision of suspended sentences, alternative sanctions and conditional sentences.

The presidency has stressed the importance of implementing the Council of Europe Convention and it is hoped that the Council conclusions on Cybercrime will be agreed at this Council. The Government agree on the need for co-operation with non-EU states, and fully support the Council of Europe Convention.

It is also hoped that Council conclusions on trafficking in human beings will be adopted. The Government welcome renewed activity in the European Commission on human trafficking.

The Council will conclude with a lunch for Justice Ministers to discuss the outcome of the European Court of Justice's decision in the "Ship Source Pollution" case. The Government welcome the clarification which this judgment has provided.

LEADER OF THE HOUSE

Deposited Papers

The Leader of the House of Commons (Ms Harriet Harman): I am pleased to announce that from today all documents deposited in the Library of the House by Ministers will be done so electronically. Members and Peers will still be able to request a hard copy document from the Library as well as an electronic version which, whenever possible, will be available online at http://deposits.parliament.uk/ in a single series containing both House of Commons and House of Lords Library deposited papers.

The Library document "Rules for depositing papers in the Libraries of the House of Commons and Lords" is available on the Parliament website.

I am grateful to Government Departments for their co-operation and the Libraries of both Houses for their work in improving access to information for Members of Parliament and the public.

Government's Legislative Programme: 2007-08

The Leader of the House of Commons (Ms Harriet Harman): Listed below are those Bills which the Government intend to bring forward. Details of each of these Bills are available from the Leader of the House of Commons website www.CommonsLeader.gov.uk/Legislation

1) Banking
2) Channel Tunnel Rail Link (Supplementary Provisions)
3) Children and Young Persons
4) Climate Change
5) Counter Terrorism

6) Dormant Bank and Building Society Accounts
7) Education and Skills
8) Employment
9) Energy
10) European Communities (Finance)
11) European Union Reform Treaty
12) Health and Social Care
13) Housing and Regeneration
14) Human Fertilisation and Embryology
15) Local Transport
16) National Insurance Contributions
17) Pensions
18) Planning Reform
19) Regulatory Enforcement and Sanctions
20) Sale of Student Loans

Draft Bills

1) Apprenticeship Reform
2) Citizenship and Immigration
3) Constitutional Renewal
4) Cultural Property (Armed Conflict)
5) Heritage Protection
6) Marine
7) Marine Navigation and Port Safety

Carry Over Bills

1) Crossrail
2) Child Maintenance and Other Payments
3) Criminal Justice and Immigration

JUSTICE

Boundary Commission for England

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I should like to inform the House that I have, under schedule 1 to the Parliamentary Constituencies Act 1986, reappointed Mr Michael Lewer CBE, QC as a member of the Boundary for Commission for England. The appointment is effective from 1 November 2007 to 31 October 2008.

NORTHERN IRELAND

Independent Monitoring Commission

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): I have received the 17th Report of the Independent Monitoring Commission (IMC). This report has been made under articles 4 and 7 of the International Agreement that established the Commission and it reports on levels of paramilitary activity in Northern Ireland. I have considered the content of the report and I am today bringing it before Parliament. I have placed copies in the Library of the House.

The report confirms the IMC's previous assessments that the ERA is fully committed to pursuing the political path and that it will not be diverted from it. Paragraph 2.2 of the report notes that "Sinn Fein's entry into the Northern Ireland Executive has meant that the provisional movement as a whole has been more closely engaged in the democratic process" and that, against this background, the IMC "strongly believe that this position is now stable".

On Loyalism, I welcome the IMC's assessment that the UVF's 3 May 2007 statement, renouncing violence and committing to transform itself from a military to a civilian organisation, represents 'a major turning point' for the organisation. The report notes that the position is not yet entirely transformed and there are some pockets of resistance but does not doubt that the leadership is clear on the direction in which it is taking the organisation, has briefed the message in the statement down to the grass roots and has started to take steps to reduce the organisation's size.

I share, however, the concern of the IMC that the pace of real change within the UDA remains far too slow. The IMC recognise that internal turbulence within the UDA has been a key factor in this in the six months under review, giving rise to continuing incidents of violence. The report also notes the very recent progress there has been by way of contact between the UDA and the Independent International Commission on Decommissioning. But the violent scenes in Carrickfergus and Bangor were a stark reminder of Northern Ireland's troubled past. We must see an end to violence and criminality of this kind.

The IMC also calls on both the UVF and the UDA to decommission as a test by which any paramilitary organisation must ultimately expect to be judged. The report notes that in respect of PIRA the IMC did not consider it had embarked on a political path until after it had decommissioned arms in September 2005 and that it takes no different approach to the UVF or UDA.

In relation to dissident republican groups, the IMC makes it clear that these groups still pose a threat. Three paramilitary murders were reported, the first since February 2006. All three have been attributed to dissidents. These groups are ruthless and dangerous, and their intent to cause harm and destruction is undiminished, but they will not deter us from achieving long-term political stability.

Once again, I am grateful to the IMC for their submission of this report and for its careful analysis. As ever, this report offers a clear picture of the challenges ahead to secure an end to paramilitarism in Northern Ireland.

Government's Legislative Programme (Application to Northern Ireland)

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): The Third Session UK legislative programme unveiled in the Queen's Speech on the 6 November contains measures of relevance to the people of Northern Ireland.

The following is a summary of the legislation announced in the Queen's Speech and its impact in Northern Ireland. This does not include draft Bills. The Bills listed in section 1 are not likely to contain provisions requiring the consent of the Northern Ireland Assembly because the legislation is predominantly or wholly within an excepted area. Section 2 details Bills that are likely to contain provisions that require the consent of the Northern

Ireland Assembly. Finally, section 3 details Bills that will have a limited impact in Northern Ireland because, for example, they extend only to England and Wales.

The list also identifies the lead Government Department.

1. The following Bills extend to Northern Ireland, in whole or in part, and deal mainly with excepted or reserved matters:

Banking (HM Treasury)

Counter Terrorism (Home Office)

Criminal Justice and Immigration (Ministry of Justice)

European Communities (Finance) (HM Treasury)

Human Fertilisation and Embryos (Department of Health)

National Insurance Contribution (HM Treasury)

Regulatory Enforcement and Sanctions (Department for Business, Enterprise & Regulatory Reform)

2. It is intended that the following Bills will extend to Northern Ireland to varying degrees. They will require the consent of the Northern Ireland Assembly in relation to those provisions in the devolved field:

Child Maintenance and Other Payments (Department of Work and Pensions)

Climate Change (Department of Environment, Food and Rural Affairs)

Dormant Bank and Building Society Accounts (HM Treasury)

Education and Skills (Department for Children, Schools and Families)

Energy (Department for Business, Enterprise and Regulatory Reform)

Health and Social Care (Department of Health)

Pensions (Department of Work and Pensions)

Planning Reform (Department for Communities and Local Government)

Discussions will continue between the Government and the Northern Ireland Executive on Bills that might include provisions that require the consent of the Northern Ireland Assembly.

3. The following Bills will have limited or no impact in Northern Ireland:

Channel Tunnel Rail Link (Department for Transport)

Coroners (Ministry of Justice)

Crossrail (Department for Transport)

Employment (Department for Business, Enterprise and Regulatory Reform)

Housing and Regeneration (Department for Communities and Local Government)

Local Transport (Department for Transport)

Sale of Student Loans (HM Treasury).

SCOTLAND

Queen's Speech

The Secretary of State for Scotland (Des Browne): The Third Session UK legislative programme unveiled in the Queen's Speech on 6 November contains significant measures of relevance and benefit to the people of Scotland.

The Government are committed to continuing to deliver improvements to the lives of people across Scotland and the rest of the United Kingdom.

The following is a summary of the legislation announced in the Queen's Speech and its impact in Scotland. This does not include draft Bills. The Bills listed in section 1 are not likely to contain provisions requiring the consent of the Scottish Parliament as the legislation is predominantly or wholly within a reserved area. Section 2 details Bills that are likely to contain provisions that require the consent of the Scottish Parliament in line with the Sewel Convention. A brief description is provided of the provisions likely to require consent. Section 3 details Bills that predominantly apply to England and Wales only whilst also containing some significant reserved provisions which will have an impact in Scotland. The Bills listed in section 4 predominantly apply to England and Wales only and will have limited impact in Scotland.

The list also identifies the lead Government Department:

1. UK legislation a wholly or predominantly reserved area, unlikely to contain provisions requiring the consent of the Scottish Parliament at Introduction:

The Bills in this section which deal with predominantly or wholly reserved matters are detailed below. Discussions will continue between the Government and the Scottish Executive to ensure that if provisions relating to matters which trigger the Sewel Convention are included, the consent of the Scottish Parliament will be sought for them:

Banking (HMT)

Channel Tunnel Rail Link (Supplementary Provisions) (Department for Transport)

Child Maintenance and Other Payments (Department for Work and Pensions)

Counter-Terrorism (Home Office)

Crossrail (Department for Transport)

Employment (Department for Business, Enterprise and Regulatory Reform)

Energy (Department for Business, Enterprise and Regulatory Reform)

European Communities (Finance) (HMT)

European Union Reform Treaty (Foreign and Commonwealth Office)

Human Fertilisation and Embryology (Department of Health)

National Insurance Contributions (HMT)

Political Party Funding and Expenditure (MOJ)

Pensions (Department for Work and Pensions)

2. *Legislation likely to contain provisions requiring the consent of the Scottish Parliament at Introduction:*

Discussions will continue between the Government and the Scottish Executive on Bills that might include provisions that trigger the Sewel Convention. The Bills identified within the Queen's Speech in this section are as follows:

Climate Change (Department for Environment, Food and Rural Affairs) Legislation relating to Climate Change is likely to include provisions in devolved areas to meet the new emissions target. The environment is a devolved matter in Scotland.

Dormant Bank and Building Society Accounts (HMT) Scottish Ministers will be provided with a power in this Bill to distribute funds drawn from dormant bank accounts - Welsh and Northern Irish Ministers will also have similar powers. This will enable Scottish Ministers to direct spending priorities for their share of these assets in Scotland.

Education and Skills (Department for Child, Schools and Families) Education is a devolved matter but the Bill is likely

to include provisions relating to data sharing that extend to Scotland to allow access to longitudinal surveys. This will enable assessments to be made on wage impact of education and training provisions.

Health and Social Care Bill (Department of Health) Health is a predominantly devolved matter, but the Bill will contain provisions relating to the regulation of health care professions; where the regulation of particular professions is devolved, the consent of the Scottish Parliament is required in order to produce a consistent and fair system across the UK for healthcare professionals.

3. Legislation that predominantly applies to England and Wales only whilst also containing some significant reserved provisions which will have an impact in Scotland.

Criminal Justice and Immigration (Ministry of Justice)

Local Transport (Department for Transport)

Planning Reform (Department for Communities and Local Government)

Regulatory Enforcement and Sanctions (Department for Business, Enterprise and Regulatory Reform)

4. Legislation that predominantly applies to England and Wales only or which will have a limited impact in Scotland

Children and Young Persons (Department for Child, Schools and Families)

Housing and Regeneration (Department for Communities and Local Government)

Sale of Student Loans (HMT)

WALES

Government's Legislative Programme (Application to Wales)

The Secretary of State for Wales (Mr. Peter Hain): I am pleased to inform the House that the Queen's Speech on Tuesday 6 November unveiled the Government's Third Session legislative programme which contains 11 bills with Welsh Provisions.

There will be three Bills with framework provisions for Wales:

Education and Skills Bill
Local Transport Bill
Planning Bill

Further information on these provisions will be made available as the provision is introduced.

There are currently a further eight Bills in the programme which may contain specific provisions for Wales, which will generally be provisions to confer the same powers on Welsh Ministers, in devolved areas of responsibility, as are being conferred on UK Ministers in those areas in relation to England. These are:

Health and Social Care Bill
Sale of Student Loans Bill
Children and Young People Bill
Regulatory Enforcement and Sanctions Bill
Climate Change Bill
Energy Bill
Housing and Regeneration Bill
Dormant Bank and Building Society Accounts Bill

The Government are committed to delivering devolution and this Session, the first since the Government of Wales Act 2006 has come into effect, will see a record number of proposals for legislative competence to be transferred from Westminster to the National Assembly for Wales, both through framework powers, and by using the new Order in Council process. This marks a coming of age of devolution in Wales, with the Assembly being given the law-making power it needs to properly implement its own policies for the benefit of the people of Wales.

Written Ministerial Statements

Thursday 8 November 2007

TREASURY

UK Unclaimed Assets Scheme

The Economic Secretary to the Treasury (Kitty Ussher): The summary of responses to the consultations on a UK Unclaimed Assets Scheme has been published today. Copies are available in the Vote Office, Printed Paper Office and have also been placed in the Libraries of both Houses.

This publication also sets out the Government's response to the two consultation proposals for a UK unclaimed assets scheme. The consultation had two stages. In March, the Government released "A UK Unclaimed Assets Scheme: A Consultation". In May, the Government released "Unclaimed Assets Distribution Mechanism: A Consultation".

Following on from these consultations, the Dormant Bank and Building Society Accounts Bill was introduced in the House of Lords on 7 November. A final impact assessment has also been published today, copies of which are also available in the Libraries of both Houses.

The Dormant Bank and Building Society Accounts Bill builds on the Government's consultation and enables the transfer of money in dormant bank accounts to be made available for distribution in the community, while protecting consumers' right to repayment.

Double Taxation Convention (United Kingdom and New Zealand)

The Financial Secretary to the Treasury (Jane Kennedy): A Protocol to the Double Taxation Convention with New Zealand was signed on 7 November 2007. After signature, the text of the protocol was deposited in the Libraries of both Houses and made available on HM Revenue and Customs' website. The text of the protocol will be scheduled to a draft Order in Council and laid before the House of Commons in due course.

DEFENCE

Service Personnel

The Secretary of State for Defence (Des Browne): We are asking a lot of our service personnel, who are performing magnificently on operations across the world, notably in Iraq and Afghanistan. In turn, it is only right that we support them as best as we can.

As a result of the recent high tempo of operations we have quite rightly seen a greater focus on the support that we offer to our people and their families—both in theatre and at home.

Over the last year we have made significant improvements to the welfare package and to the support that we provide. These include: a rebate on council tax and a tax-free operational allowance for those on operations; an increase in financial support provided for coroners dealing with inquests along with additional support for bereaved families; extension of the mental health assessments and provisions for both veterans and those serving on operations; a commitment to spending £5 billion over the next decade on accommodation; and a significant pay rise for junior soldiers, sailors and airmen and women.

There have been significant improvements to in-theatre medical treatment and facilities and it is widely recognised that we provide first class clinical treatment for those injured through both the NHS and the defence medical services. Better treatment and better equipment mean that our personnel are surviving injuries that they would not have previously survived. As a result we have a number of casualties and personnel sustaining serious injuries who will need enduring support. As a Government we are committed to making sure that the care pathway from initial injury to rehabilitation is as good as it can be.

We also acknowledge that some of the accommodation for service personnel and their families is not up to scratch and we are now rectifying decades of under investment. But we have also said that we want to ensure our forces have the opportunity to get on the housing ladder if they wish and we are looking for the best mechanism to achieve this.

We believe that now is the right time to take stock and for the Government to set out its agenda for service personnel, their families and veterans. Our intention, therefore, is to publish a Command Paper setting out our existing support and in the context of the challenges facing our service personnel today and in the future, the Government's vision for further support. We believe that we are doing a lot to enhance the support we offer our forces in areas like accommodation, education, health care, family support, transition to civilian life, caring for our casualties. However we can do more in all of these areas and we are committed to doing so.

We envisage engagement with key external stakeholders from the charity sector and our service families' federations.

Also, we will conduct a parallel study into encouraging greater engagement, understanding and pride in the UK armed forces by the nation as whole.

We expect that both these studies will be published in spring 2008.

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Coexistence of GM and Non-GM Crops

The Minister for the Environment (Mr. Phil Woolas): In 2006 DEFRA consulted stakeholders on proposals for managing the coexistence of GM and non-GM crops in England, should approved GM varieties be grown here commercially in the future. The proposals

were consistent with the Government's overall policy on GM crops, as set out in the parliamentary statement made by the then Secretary of State, the right hon. Member for Derby, South (Margaret Beckett), on 9 March 2004, *Official Report*, column 1379.

A factual summary of the consultation responses has been published on the DEFRA's website at: http://www.defra.gov.uk/environment/gm/crops/index.htm. We are grateful to everyone who responded and have considered the various comments made very carefully. It is clear that before our coexistence plans can be finalised we should await various developments that could have an important bearing on how we move forward. These include the following:

Receipt of New Scientific Evidence

The DEFRA consultation paper noted that new research evidence was expected to come forward for consideration in due course, in relation to crop separation distances in particular. There are three important research projects on coexistence that are due to report by next spring (1 DEFRA-funded and 2 EU-funded). After reflecting on the consultation responses, we are also commissioning some further research to improve the evidence-base in certain areas.

Seed Thresholds

The EU is expected to adopt specific thresholds for labelling adventitious GM presence in conventional seeds. These will dictate what level of GM material might be in the seeds sown by non-GM farmers. This in turn bears directly on what coexistence measures need to achieve, in terms of minimising the potential for further GM transfer into non-GM crops. We should await clarification of what seed thresholds are to be adopted.

No commercial GM cultivation is expected in England for several years, but it remains our intention to have appropriate coexistence measures in place beforehand. We will clarify in due course how we intend to proceed in the light of the expected developments noted above, and having considered the consultation responses from stakeholders.

Agriculture and Fisheries Council

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): I represented the United Kingdom for the agricultural items at this month's Agriculture and Fisheries Council in Luxembourg. The Minister with responsibility for marine, landscape and rural affairs, my hon. Friend the Member for Chatham and Aylesford (Jonathan Shaw), represented the UK for fisheries items. The Scottish Cabinet Secretary for Rural Affairs and the Environment, Richard Lochhead, also attended.

The Council adopted a decision authorising Romania to grant national aid to its farmers to assist with the aftermath of recent drought conditions.

The Council reached political agreement on a proposal amending the common agricultural policy financing rules by making it compulsory for member states to publish data on CAP payment beneficiaries; extending Commission powers to suspend or reduce payments under certain conditions; and providing the Commission with an additional 12 months to carry out certain controls on CAP expenditure.

The Council also reached agreement on fishing quotas for the Baltic sea for 2008, despite troubled experiences in Baltic sea fisheries this year.

The Health and Consumer Protection Commissioner presented the Commission communication on the new EU Animal Health Strategy for 2007-13.

The Council held a discussion, based on a presidency questionnaire, on the Commission's proposal on the reform of the EU wine sector. The discussion covered: the proposed national envelopes; the possible use of national envelope money to fund decoupled payments under the single payment scheme; and the scope of the proposed grubbing-up scheme. I intervened to support the principle of national envelopes, but argued that a greater proportion of funding should be used for rural development measures to help producers adapt to the reform. I also intervened to support the use of national envelope money to enhance payments under the SPS and the proposed voluntary grubbing-up scheme that will provide a dignified way out for those farmers most affected by the greater market orientation of the wine sector following the reform.

The Council held an exchange of views on the EU/Norway fisheries agreement for 2008. The UK sought to set responsible levels of fishing while also maintaining the economic viability of the EU fleets involved.

A number of issues, as follows, were raised under any other business:

Spain expressed concerns at the closure of the bluefin tuna fishery as a consequence of overfishing of national allocations by some member states.

Poland called for the introduction of relief measures to alleviate difficulties in the pigmeat sector. The Agriculture Commissioner reported that the Pigmeat Management Committee on 18 October had indeed adopted a proposal to introduce private storage aid from 29 October; as regards export refunds, the Commission did not think that these would be appropriate to address the difficulties faced in the pigmeat sector, although the situation would be kept under review.

Sweden, supported by five other member states, drew Council's attention to recent evidence showing maltreatment of animals during transport and called for full compliance with existing rules.

UN Convention on Climate Change Pre-COP Meeting

The Minister for the Environment (Mr. Phil Woolas): Between 23 and 25 October, I attended the pre-COP ministerial conference of the parties meeting in Bogor, Indonesia. The traditional purpose of the pre-COP ministerial is to narrow down the range of options likely to be discussed at the Conference of the Parties (COP), later in the year.

The UN climate negotiations beginning in Bali this December will be crucial if we are to secure a comprehensive international framework by 2009. The Bali meeting must see the launch of broad and comprehensive negotiations that include all parties and all relevant issues. The pre-COP meeting was a valuable opportunity for Ministers who will be negotiating in December to begin to map out and explore the difficult issues and to start building consensus for some of the essential elements.

The meeting was successful. The EU has done a lot of preparatory work on options for the structure of post-Bali negotiations. The meeting helped to test these propositions against the emerging views of other key players and identified where common ground and potential trade-offs exist with other items on the agenda for Bali. It highlighted many points of consensus between 40 parties present on some key issues, such as: the need for a Bali roadmap towards a fair and balanced multilateral framework beyond 2012, and the need for a process under the convention to further explore and negotiate contributions from developing countries to this framework alongside the continuation of negotiations on further commitments for developed country parties under the Kyoto protocol.

These provide a promising foundation for the discussions in Bali, but perhaps even more valuable was the opportunity to get into the detail on the type of process that needs to be put in place at the COP and on substance. Building trust and developing a full understanding of the positions and concerns of other parties on matters of substance is essential if we are to secure an ambitious outcome in Bali.

There is now considerable support for launching broader negotiations but there is also a range of views about what those broader negotiations could look like. Some parties are committed to securing one process encompassing all the current tracks in the negotiations on future action, while others want to see the convention and Kyoto tracks remain separate, at least for now. Likewise, there was emerging agreement on key elements of an international framework; mitigation, adaptation, technology and investment and finance, although the full details of these four elements and what they might encompass are not universally agreed. Further negotiations will also be needed in order to secure an overall end date of 2009.

It is now essential that we follow up this positive meeting with intensive outreach to our key partners and interlocutors in order to iron out these crucial details and the UK will be carrying out an extensive lobbying effort, both at ministerial and official level, to give the last vital push before Bali.

Public Sector Food Procurement Initiative

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jonathan Shaw): My right hon. Friend the then Secretary of State for Environment, Food and Rural Affairs promised the House of Commons on 8 March 2007, *Official Report*, column 1651 in answer to a parliamentary question to commission:

"work to determine the proportion of publicly procured food which is British"

and place the information in the Library of the House

"by late autumn 2007 or sooner".

I have today deposited copies of the report giving the proportion of UK produce supplied to Government Departments and also supplied to prisons and hospitals under contracts negotiated by HM Prison Service and NHS Supply Chain. A copy of the report is also on the PSFPI website at:

http://www.defra.gov.uk/farm/policy/sustain/procurement/index.htm.

DEFRA has also published on the PSFPI website the report of an Ipsos MORI survey conducted in the schools sector during the period March to July 2007 that covered 81 local authorities and 255 schools. Commissioned to gauge awareness of the Public Sector Food Procurement Initiative (PSFPI) in schools and local authorities, the report also contains answers to questions on the proportion of tenders from small and local producers. This information was made known to MPs in a written parliamentary answer of 17 October 2007, *Official Report*, column 1074W.

Govenment Decontamination Service (Business Plan)

The Minister for the Environment (Mr. Phil Woolas): I have set the Government Decontamination Service (GDS) the following performance targets for 2007-08.

To provide operational and tactical advice and guidance to central Government and other appropriate authorities.

To strengthen awareness of its services among key stakeholders.

To continue to provide an evaluated framework of specialist suppliers to meet the requirements arising from the UK national risk assessment process.

To utilise exercises to assess the capacity and capability of specialist framework suppliers.

To contribute to the central Government knowledge on the national capability and capacity for the decontamination of buildings, infrastructure, mobile transport assets and the open environment.

To develop its staff with both the capacity and capability to support the requirements arising from the national risk assessment process.

To build upon corporate governance in line with the revised Treasury Audit Committee Handbook and the National Audit Office and Internal Audit recommendations.

Further details are given in the CDS business plan for 2007-08 copies of which are available in the Libraries of both Houses.

HEALTH

NHS Foundation Trusts

The Minister of State, Department of Health (Mr. Ben Bradshaw): The chairman of Monitor (the statutory name of which is the Independent Regulator of NHS foundation trusts) announced last week that, in accordance with section 35 of the National Health Service Act 2006, Monitor had decided to authorise the following NHS acute and mental health trusts as NHS foundation trusts from 1 November;

Poole Hospital NHS Trust; and

East London and the City University Mental Health NHS Trust.

Monitor's announcement brings the total number of NHS foundation trusts to 79. A copy of Monitor's press notice has been placed in the Library.

The Government remain committed to offering all NHS acute and mental health trusts the opportunity to apply for foundation status as soon as practicable. Monitor is now authorising trusts on a monthly basis, and further waves of NHS foundation trusts are set to follow.

HOME DEPARTMENT

National Identity Scheme (Cost Report)

The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier): The third Cost Report of the National Identity Scheme is being laid before Parliament today. It sets out an estimate of the public expenditure likely to be incurred on the Scheme over the next 10 years, in accordance with section 37 of the Identity Cards Act 2006. It reports on developments over the past six months, since the second Cost Report was published on 10 May 2007.

Complaints Audit Committee (Annual Report 2006-07)

The Minister for Borders and Immigration (Mr. Liam Byrne): I am pleased to announce the publication of the independent Complaints Audit Committee (CAC) annual report for the year 2006-07, and the Border and Immigration Agency's response. Copies of both reports are available in the House and on the Border and Immigration Agency's website.

This is the CAC's thirteenth report. Their role is to monitor the effectiveness of the Agency's procedures for handling complaints.

We welcome the report and its findings which reflect much of the analysis set out by the former Home Secretary, my right hon. Friend the Member for Airdrie and Shotts (John Reid), in the summer of 2006. As part of the reforms instigated by BIA since July 2006 a new complaints procedure has been designed from scratch which the Complaints Audit Committee has been instrumental in shaping and which will go live in February 2008.

TRANSPORT

Local Transport Bill

The Minister of State, Department for Transport (Ms Rosie Winterton): I am today publishing the Government's response to the consultation on the draft Local Transport Bill (which was introduced in the House of Lords yesterday and published today). This response explains how the Bill has been revised in the light of pre-legislative scrutiny and responses to the public consultation. I am also publishing a summary of the views expressed in the written responses, at consultation events and meetings, and during the course of a series of regional visits to hear people's views about the draft Bill.

The core purpose of the Bill is to improve public transport and tackle congestion, and it forms a key part of the Government's strategy to empower local authorities to deliver local transport that meets the needs of their communities. In so doing, it will also support the Government's efforts to tackle climate change.

It creates new opportunities for local authorities to deliver bus services that are better suited to the needs of local passengers; to develop more coherent approaches to the planning and delivery of local transport; and, where they wish to do so, to develop local road pricing schemes in a way that best meets local needs whilst ensuring that schemes are consistent and interoperable. It also contains measures to allow for the establishment of a new statutory body to represent the interests of bus and coach passengers in England.

Copies of the Government's response to the consultation, and other related documents, have been placed in the Vote Office, the Libraries of both Houses and are also available on the Department's website.

WALES

Framework Powers in the Local Transport Bill

The Secretary of State for Wales (Mr. Peter Hain): I am pleased to inform the House that an explanatory memorandum explaining proposals for the use of framework powers in the Local Transport Bill is available today. Copies of which can be found in the Vote Office, Libraries of both Houses and at: www.walesoffice.gov.uk

WORK AND PENSIONS

Work Options Pilot Project

The Minister for Pensions Reform (Mr. Mike O'Brien): The Government are launching the face-to-face guidance pilot project which was announced as part of a package of measures in The Welfare Reform Green Paper, "A new deal for welfare: Empowering people to work" which was published in January 2006 and aimed at increasing the employment rates of people aged 50 and over. Further reference was made in the Pensions White Paper of May 2006 "Security in Retirement towards a New Pensions System" which re-emphasised the importance of providing information and communicating choices to individuals. The pilot project is being carried out to establish what information older people need and how they can access it in order to take an informed decision about work and retirement in later life. Existing services are not providing the information that older individuals tell us they need when considering options about working longer. The information will focus on the choices and opportunities available to older people to help them plan how and when to retire as well as making use of flexible working options to help them remain in work or work for longer. The expectation is that better information will support extended working lives. The pilots will be evaluated over the operating period to inform the development of good practice for Government and non-government organisations to use in the guidance

that they offer older workers. Tenders were invited from a wide range of guidance and older people agencies and six contractors have been selected. The organisations that successfully tendered for the pilot are as follows:

Age Concern Training for Greater Mersey side and St Helen's

Guidance Services for North Yorkshire

Shaw Trust Ltd for Glasgow

The Life Academy for Rural Cambridgeshire, mid Bedfordshire and Bedford

British Chamber of Commerce for Birmingham

Manpower UK Ltd for Bridgend/Rhondda Cynon Taff

The contracts started in October 2007 and will be for an 18-month period concluding March 2009. The final report, publication and production of best practice guidance will be in 2009-10,

Written Ministerial Statements

Monday 12 November 2007

TREASURY

ECOFIN (9 October 2007)

The Chancellor of the Exchequer (Mr. Alistair Darling): The Economic and Financial Affairs Council was held on 9 October in Luxembourg. The Financial Secretary to the Treasury attended for the UK. The items on the agenda were as follows:

Implementation of the Stability and Growth Pact

Ministers adopted a Commission recommendation to abrogate the Excessive Deficit Procedure of the United Kingdom under Article 104(12) of the Treaty, and a recommendation for the Czech Republic to take further action in order to end their Excessive Deficit, in accordance with Article 104(7) of the Treaty.

The UK supports a prudent interpretation of the Stability and Growth Pact (SGP) which takes into account the level of debt, the influence of the cycle and the level of public investment. The UK Government welcome the abrogation of the UK EDP.

Public Finances in the EMU

Following their discussion at ECOFIN in July, Ministers agreed Conclusions on the Commission's annual Public Finances Report and accompanying proposals aimed at improving the effectiveness of the preventive arm of the Stability and Growth Pact by effectively applying the revised Stability and Growth Pact.

Quality of Public Finances

Ministers adopted Conclusions on the role that the modernisation of public administration can play in enhancing competitiveness, delivering better services, achieving better value for money and ensuring the control of government expenditure. This follows the discussion at the September Informal ECOFIN in Lisbon, at which the UK welcomed the sharing of experience between Member States.

Developments on the economic and financial situation

Ministers discussed the current economic situation and disturbances in global financial markets, and the possible policy responses to the issues raised. The UK is committed to pursuing an effective, considered global response to these global financial market issues, and believes the Financial Stability Forum provides the best route to pursue these aims.

Better Regulation

Ministers agreed Conclusions on better regulation and its role in improving EU competitiveness. The UK welcomes the calls for further progress to be made both at Member State and EU level towards reducing administrative burdens in the EU.

Flexicurity

Ministers agreed Conclusions on the economic aspects of flexicurity, which welcomed the Commission's work on developing an approach towards shared principles to develop labour market flexibility alongside support by social systems. The UK believes that fiscal sustainability is critical in the face of Europe's changing demographics.

Dialogues with third countries

The Commission presented Ministers with an update on its ongoing dialogues with third countries, including the USA, Japan, China, India and Russia, and focused on the economic, financial and regulatory aspects of the discussions.

Financial Service— Clearing and Settlement

Ministers agreed Conclusions on Clearing and Settlement, which covered the ECB's proposed Target 2 Securities project, the implementation and functioning of the Code of Conduct, progress on removal of the Giovannini barriers and the ESCB/CESR standards. These initiatives are intended to address deficiencies in the European Clearing and Settlement landscape—an area where the Council has long been pressing for change. The UK welcomes progress in improving the European Clearing and Settlement landscape.

Financial Services - EU arrangements for Financial Stability

Ministers agreed Conclusions on the long-running discussion of how to take forward EU arrangements for financial stability. The UK strongly supports efforts to improve financial stability arrangements, including financial crisis management arrangements in Europe, by ensuring all Member States have robust national crisis management arrangements, and welcomes improvements to cross-border communication and co-operation in financial crises.

ECOFIN

The Chancellor of the Exchequer (Mr. Alistair Darling): The Economic and Financial Affairs Council will be held on 13 November in Brussels. The items on the agenda are as follows:

Lisbon strategy: The new three-year cycle.

The next governance cycle for the Lisbon strategy will run for three years from 2008-2011. The Council will discuss draft conclusions on the next three-year cycle for the Lisbon strategy, prepared by the Economic Policy Committee. It will also take into account a recent European Commission communication prepared at the request of the 2007 Spring European Council.

Globalisation: Capital and labour flows.

The Council will exchange views on the basis of a report on the economic impact of migration prepared by the European Commission, taking into account a paper prepared by the Economic Policy Committee.

Statistics

The Council will be invited to agree conclusions on EU statistical matters, including the 2007 EFC status report on information requirements, the reduction of the statistical burden, EU statistical governance, and the communication of major statistical revisions, as

prepared by the Economic and Financial Committee. The UK welcomes work to reduce the statistical burden on member states.

Taxation

a) VAT package

The Council will discuss a set of measures that will modernise the EU VAT rules for the cross-border supply of services, with particular focus on proposed changes to the rules for the telecoms, broadcasting and e-services sectors. The UK supports the modernisation of the EU VAT regime.

b) Green taxation: Passenger car related taxes.

Ministers will discuss Commission proposals for a new directive on linking car taxation to CO_2 emissions.

c) Reduced VAT rates

Ministers will discuss Commission proposals to extend until 2010 most of the new Member States' derogations for reduced VAT rates.

The UK Government are supportive of the proposal to extend most of the temporary derogations granted to those Member States that acceded to the European Union after 1 January 1995.

Global Navigation Satellite System (GALILEO): Financing aspects

Following the discussion at the July ECOFIN, there will be a further exchange of views on the financing of the Galileo project. The UK will continue to express concern with the Commission's financing proposal and argue that the option of reprioritising funds from existing programmes must be considered.

Presentation of the Annual Report by the Court of Auditors Concerning the Financial Year 2006.

The Council will receive a presentation from the European Court of Auditors on the 2006 general budget. This will be the first presentation that Ministers will hear on the 2006 budget, and will mark the start of the annual discharge process.

Double Taxation Convention (United Kingdom and Moldova)

The Financial Secretary to the Treasury (Jane Kennedy): A new Double Taxation Convention with Moldova was signed on 8 November 2007. After signature, the text of the Convention was deposited in the Libraries of both Houses and made available on HM Revenue and Customs' website. The text of the Convention will be scheduled to a draft Order in Council and laid before the House of Commons in due course.

CHILDREN, SCHOOLS AND FAMILIES

School Funding Settlement for 2008-09 to 2010-11

The Minister for Schools and Learners (Jim Knight): I am announcing today the first three year school funding settlement, for 2008-09 to 2010-11. This settlement and the capital settlement announced on 10 October will mean that, by 2011, total funding per pupil will have increased nationally to £6,600. Education spending is projected to rise as a proportion of GDP from 4.7 per cent. in 1996-67 to 5.6 per cent. by 2010-11. And for the first time, schools will have three year budgets, enabling them to plan further ahead, to take better long-term decisions, to use their budgets more efficiently and strategically over a three-year period.

On 25 June this year I announced to the House a package of measures for school funding for 2008-09 to 2010-11. The key features were: a continuation of the spend-plus methodology for DSG distribution, coupled with a fundamental formula review, to start in the new year; a minimum funding guarantee (MFG) dependent on average cost pressures, but with efficiency taken into account; further measures to broaden the membership of schools forums, particularly from early years and 14-19 stakeholders; a staged approach to the reform of early years funding; and additional funding for diplomas to be provided through a specific formula grant, with local discretion on how this funding is used to pay for provision.

This statement sets out the Government's decisions for the next three years on: the overall increase in schools funding, the dedicated schools grant (DSG) and other grants; details of funding for our key priorities; and the level of the MFG for schools. Details of allocations of both the DSG and specific grants to authorities and schools are being sent to local authorities today and I am placing copies in the Library of the House.

The overall level of schools funding will increase by 4.3 per cent. in 2008-09, 4.7 per cent. in 2009-10 and 5.3 per cent. in 2010-11. This includes funding for our key priorities: the personalisation of teaching and learning, support for all pupils to make good progress, the extension of the early years offer to parents, and extended children's services provided from schools. It also takes account of the additional costs of the expansion of the academies programme—our plans allow for a further 50 academies to be opened in each of the next three years, bringing the total to 230 academies open by September 2010.

The strong focus on personalising teaching and learning to the needs of every child will continue over the next three years, with additional sums of £330 million, 535 million and 912 million earmarked within DSG. This additional funding is to support universal roll-out of a personalised offer to all pupils—including those with special educational needs—and will be distributed on the basis of numbers of 5 to 15 year olds. In taking decisions on allocations, local authorities and their schools forums should consider our priorities: ensuring all children are making good progress; early intervention to prevent children from falling behind, especially those with special educational needs; targeted support for specific groups including those ethnic minorities at particular risk of poor outcomes, white working class children, children in care; and ensuring that the school workforce has the skills and confidence to address the needs of children from these groups.

To complement this increased funding through DSG, we will roll-out funding to help improve the rate at which children progress, ensuring all children can meet their potential, and those who are behind expectations, or are falling behind, get back on track. A current pilot of this approach will run until July 2009.

We will then make available £138 million in 2009-10, and £315 million in 2010-11 to improve progression in schools. By 2010-11, this funding will enable an additional 300,000 under-attaining pupils a year to benefit from 1:1 tuition in English, and a further 300,000 pupils in Maths. Taken together, we will be spending an additional £1.2 billion on personalisation and progression by 2010-11. There will be support for children who have fallen behind in basic literacy and numeracy through the national roll-out of "Every Child a Reader and Every Child Counts", with £79 million being made available in 2010-11 via the Standards Fund. Further funding will be announced shortly for the "Every Child a Writer" programme.

The increased funding for progression will be delivered through the Standards Fund for the next three years, as will increases in funding to extend the entitlement to free nursery education from 12½ to 15 hours, announced by the Minister for Children, Young People and Families, on 7 November, and for extended schools. Our aim is that from 2011-12 these funding allocations will be mainstreamed into the DSG. We will consider how this can best be achieved as we take forward work on implementing the funding system for 2011-12 and onwards, following the fundamental formula review which starts in January 2008.

Narrowing the attainment gap for pupils from disadvantaged backgrounds is one of the strategic objectives of my Department and is a key priority for the Government. The most significant attainment gap is between deprived and more affluent pupils—including those in generally affluent authorities. We are therefore allocating £40 million in each of the next three years to support children from deprived backgrounds who attend schools in less deprived local authorities whose overall level of deprivation is in the bottom third, as defined by our new indicator of income deprivation, based on tax credit data. Our strong expectation is that this additional funding will be directed to those schools with the most disadvantaged pupil intakes. Alongside this additional money for deprived children in less deprived authorities, we will continue to press all authorities to properly reflect in their local funding formulae the existing funding for deprivation delivered through DSG.

For authorities whose spending was below the formula in 2005-06, we have closed half of that gap over the past two years: we will complete this process over the next three years, with additional sums of £20 million, 40 million and 60 million.

Two further developments of the funding system take account of changing patterns of demography. First, all authorities will receive a minimum cash increase of at least 2 per cent. irrespective of their pupil numbers: that will particularly help those authorities where pupil numbers are rapidly declining. Secondly, for authorities experiencing rapid growth in pupil numbers, or a significant influx of children with English as an additional language, there will be an exceptional circumstances grant, paid out every autumn.

As well as the additional funding for ministerial priorities, we are continuing to provide all local authorities with increases for schools' core funding. I announced in June that the MFG would continue to deliver a minimum per pupil increase for all schools in each of the next three years, which would reflect average cost pressures. Our assessment of cost pressures includes an assumed efficiency gain of 1 per cent. for each of the next three years, reflecting the substantial improvement in efficiency which we expect to be achieved across the schools sector and the public sector as a whole. It is based on a cautious but realistic assessment of the wide range of pay and non-pay pressures that schools will face across the next three years.

The result is an MFG for all schools set at 2.1 per cent. for each of the next three years, which is affordable within the comprehensive spending review settlement, while allowing us to allocate significant additional funding increases to our key priorities. The settlement provides for the first time three years of funding allocations, and will help schools to plan how they will meet the range of cost pressures they face from pay and non-pay over this period as a whole.

The Department is working with our external partners, including representatives of headteachers and governors to develop support mechanisms for schools to help them make the best use of their resources to improve outcomes for pupils. The aim will be to provide schools with access to a range of support that is tailored to their individual circumstances, exemplifies good practice and provides opportunities for peer review and support. We will announce further details later in the year.

We have received the detailed recommendations of the STRB on teachers' pay from September 2008 and I am grateful to them for their work. We will be announcing our response to the STRB's report when we have carefully considered their detailed recommendations within the wider context of the Government's approach to public sector pay. We will ensure that the Government response to the STRB's recommendations is consistent with the MFG we are announcing today.

As we announced in June, all authorities will receive a basic increase in their DSG per pupil made up of: the MFG at 2.1/2.1/2.1 per cent. plus an additional 1.0/0.8/0.8 per cent. of headroom; each authority will therefore receive a basic increase of 3.1/2.9/2.9 per cent. Funding for ministerial priorities is equivalent to an additional 1.5/0,8/1.4 per cent. per pupil on average, giving an average increase in DSG per pupil for each year of 4.6/3.7/4.3 per cent.

Alongside the increases in DSG for all authorities we will increase direct funding to schools through the School Standards Grant (SSG) and School Standards Grant Personalisation (SSG (P)), in line with the level of the MFG. Each authority's allocation of School Development Grant will be increased in line with the MFG, and all schools are guaranteed the same cash allocation per pupil year on year: this will allow some updating of the distribution of this grant, while continuing to protect schools.

The Learning and Skills Council plans to announce increases in the funding rates for school sixth forms as well as the details of its new funding methodology, to be used for school sixth forms and other 16-18 provision, including transitional measures to smooth the introduction of the new formula. Sixth form funding will therefore no longer be taken into account when local authorities apply the MFG to schools with sixth forms. We will announce in December allocations of the specific formula grant to support the introduction of diplomas from September 2008. That will augment the £110 million we allocated through

DSG in 2007-08 to support practical learning options. That funding is now part of the DSG baseline going forward and we expect local authorities to utilise it to support the roll out of diplomas.

This settlement builds on the foundations of the last ten years of rapid growth in school funding: every school and local authority will receive increases in funding per pupil each year; but every school will also face the challenge of making their funding work harder in support of our shared aims. On top of the basic increases there is significant additional funding to support our priorities: the personalisation of teaching and learning, support for all pupils to make good progress, the extension of the early years offer to parents, and extended children's services provided from schools. And a three year settlement supports schools as they take better informed, long term, strategic decisions.

DEFENCE

Defence Technology Plan

The Minister for the Armed Forces (Mr. Bob Ainsworth): The Ministry of Defence has today announced the development of the Defence Technology Plan (DTP), a cost-balanced list of Research and Development (R&D) priorities for the MOD. The DTP will build upon the Defence Technology Strategy (DTS), published in October 2006, and will provide clear direction to the R&D community, allowing industry and academia better to direct its investment in defence technology. Population of the DTP will continue throughout 2008.

The DTP will be a plan starting with capability driven research goals, showing how the goals will be met by R&D activity supporting later phases of acquisition.

The DTP will set out the R&D programme by presenting a number of high level R&D objectives in the form of technology roadmaps. Each R&D objective will be described in similar terms to allow the R&D board to provide strategic direction and oversight of the entire programme.

The DTP is being developed by R&D staff in consultation with the wider stakeholder community and will be owned by the Defence R&D Board. DTP will have a dynamic online format, allowing regular updates when necessary and will be available in three versions; a Government version available on internal networks, a defence industry version available to appropriately security cleared companies and a public version available on the internet.

HEALTH

Figures on Delayed Discharges

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): In response to questions from the hon. Member for North Norfolk (Norman Lamb), the Department placed tables in the Library on 29 October containing the numbers of patients in hospitals whose discharge had been delayed, and the total and the total number of bed nights in each hospital trust lost as a result of such delays, *Official Report*, column 1030W.

Following further investigation of the data collection and reporting systems used to compile that information I have to report that the information published contained significant errors that overstated the numbers in each category.

Contrary to the impression given by the original inaccurate tables and subsequent media reports, the situation is that bed days lost because of delayed discharges have decreased by approximately 5 per cent. in the past year. The revised information is available in the Library.

Electronic Patient Record

The Minister of State, Department of Health (Mr. Ben Bradshaw): The Government have today laid before Parliament their response to the Health Select Committee report on the electronic patient record and its use (Cm 7264).

In the response, the Government welcome the Committee's findings on the potential of electronic patient records to improve health care services and patient safety. While significant progress has already been made, it is recognised that some parts of the National Programme for IT in the National Health Service have been subject to delay. The Government also recognise that continuing effort is needed to engage with front-line NHS staff and to communicate the programme plans to the public.

The response is available in the Library.

LEADER OF THE HOUSE

Topical Debates

The Leader of the House of Commons (Ms Harriet Harman): The House recently approved (25 October 2007) the introduction of topical debates, as recommended by the Select Committee on Modernisation in its report, "Revitalising the Chamber: the role of the back bench Member"[1]. This will extend the opportunities in the Chamber to discuss topical issues of regional, national or international importance. Topical debates will last for 90 minutes and take place on a weekly basis.

A Member seeking such a debate may do so in the following ways:

In writing to the Leader of the House of Commons;

Via the email link on the home page of the website of the Leader of the House of Commons at: www.commonsleader.gov.uk;

By requesting a topical debate during the weekly Business Questions; and

In person to the Leader of the House of Commons.

Following discussions, the House will be notified of the subject selected, either during the announcement of business on Thursday or through the Order Paper, depending on the date chosen for the debate. The subject will appear on the annunciator alongside other business

As agreed by the House, the motion for these debates will be "That this House has considered [the matter of XXX]" and will not be amendable. The debates will be subject to limits on speeches as agreed by the House.

[1]HC337

WORK AND PENSIONS

Remploy

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): We have today received Remploy's final modernisation proposals. Good progress was made during the consultation period under the chairmanship of Roger Poole, and although the negotiations concluded with a formal failure to agree, we feel there has been real dialogue between the company and their trade unions and progress on both sides. We also expect to receive further representations from the trade unions representing the Remploy workers.

The talks identified some important common ground, in particular:

Agreement on the overall funding envelope of £555 million over five years.

The need for both employment services and factory provision.

Fewer factory closures.

The importance of gaining more public sector contracts.

The importance of local initiatives in securing the future of Remploy factories by winning more public and private contracts, led by factory managers, trade unions, constituency MPs and other local stakeholders.

The need to reduce management and other overhead costs.

The need to improve working practices, saving £10 million over five years.

The need to dramatically improve industrial relations.

Ministers have committed that Remploy's revised proposals will receive full ministerial scrutiny before any final decision. We will therefore study them in detail before making a further statement to the House in due course.

Written Ministerial Statements

Tuesday 13 November 2007

TREASURY

National Insurance Contributions Bill

The Economic Secretary to the Treasury (Kitty Ussher): I have published today the Impact Assessment for the National Insurance Contributions Bill. Copies are available in the Vote Office, Printed Paper Office and have also been placed in the Libraries of both Houses.

The National Insurance Contributions Bill will ensure that the Government can implement one of the reforms announced in the Budget 07 personal tax package, creating by 2009-10 a personal tax system which has two income bands covering both income tax and NICs.

The Bill will also include changes to the State Second Pension following the announcement by the Chancellor in the pre-Budget report. It was announced that the Government will bring forward the introduction of the Upper Accruals Point in 2009.

CULTURE, MEDIA AND SPORT

Education, Youth and Culture Council

The Minister of State, Department for Culture, Media and Sport (Margaret Hodge): The Education, Youth and Culture Council will be held on 15-16 November in Brussels. Anne Lambert, UK Deputy Permanent Representative, will be representing the UK on 16 November when Culture issues will be taken. Education issues will be taken on 15 November.

The first item on the agenda will be a report from the presidency on the first meeting of the EU-Russia Permanent Partnership Council on Culture which was held on 25 October 2007. This meeting was to discuss the future priorities for cultural co-operation between the two partners. The presidency is expected to present the outcome of the meeting to the Council and the Declaration that was agreed.

The presidency will then seek the adoption of the Council Resolution on a European agenda for culture in a globalising world. The Commission published a Communication in June of this year which examined the role of culture in Europe and how the European Union can add value to this. Following the publication of this Communication, the Portuguese presidency proposed a draft Council Resolution setting out the member states' response to the issues raised by the Commission. Working Group discussions have resolved the UK's concerns with the Resolution, notably, acknowledging that culture is essentially a matter for member states, that participation in the Open Method of Co-ordination on any given work strand will be voluntary and that the results will be non-binding. The Council is expected to adopt the Resolution and I intend to endorse this course of action.

The Council will then be invited to adopt a decision on the selection of two cities to host the European Capital of Culture event for 2011. Estonia and Finland are the EU member states nominating cites for this event and have put forward Tallinn and Turku respectively. I intend to support this proposal.

Under Any Other Business, the presidency will provide feedback on expert conferences in the field of culture and information on forthcoming events. The Commission will give information on the EU-China declaration in the field of culture and education. I do not foresee any need to intervene on any of these items.

DEFENCE

Afghanistan

The Minister for the Armed Forces (Mr. Bob Ainsworth): With the expiry of the call-out order made last October, a new order has been made under Section 54 of the Reserve Forces Act 1996 to enable Reservists to continue to be called out into service to support operations in Afghanistan. The new order is effective until 11 November 2008. Reservists are making a valuable contribution to operations in that country and some 700 reservists are currently called out in support of the operation.

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Tidal Surge

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): Further to my report to the House last Thursday, 8 November 2007, column 365, volume 467, I would like to provide an update on the significant tidal surge which affected the coast of Eastern England last week.

On 5 November, the Met Office's storm tide forecasting service alerted us to a possible tidal surge in the North Sea later on in the week. By Thursday, it had become clear that there was a significant risk of potentially serious flooding in coastal areas of eastern England during the next 48 hours and the Environment Agency issued a number of severe flood warnings. Police Gold Commands were established in Norfolk, Suffolk and Essex to co-ordinate the emergency response to any flooding, including evacuation where necessary and in line with the standing emergency arrangements, the Government's COBR committee was convened to ensure that all preparations were in place.

The Thames Barrier was closed as a precaution. High volume pumps were sent to the area and 21 water rescue teams were on stand-by to carry out rescue if needed. The Environment Agency also moved temporary barriers across country overnight from Worcestershire and erected them to protect an electricity sub-station in Great Yarmouth.

The peak of the surge passed down the eastern coast on Friday morning. Tides at Great Yarmouth were the highest they have been since the dreadful flooding of 1953. Fortunately, however, the surge levels were around 20cm lower than originally predicted and the wind direction more favourable than anticipated. While there were some relatively minor breaches and overtopping at individual locations along the coast, the defences performed well, few homes were flooded and thankfully no lives were lost. People have now returned to their homes.

A similar picture is emerging from other southern North Sea countries which were also affected by the surge.

We will need time to assess the impact of the flooding on the natural environment and biodiversity, notably the flooding of coastal marshes and saline intrusion into the Norfolk Broads and sensitive sites on the Suffolk coast. The Environment Agency are working with Natural England and the RSPB, but the full extent of any impact will not be known for some weeks.

That we did not witness similar scenes to 1953 is in no small part due to the commitment of successive Governments, over many years, which have invested considerable sums of money in strengthening both coastal and inland flood defences and established the sophisticated flood forecasting and warning systems which gave us crucial time to prepare. That investment included the Thames Barrier which provides a high degree of protection—and hence confidence—to London.

The operational handling of any event is vital, and the emergency services, local authorities, Environment Agency, Met Office, and others acted swiftly to warn those at risk and initiate precautionary evacuation. This is testament to the effective emergency planning arrangements we have in place which are tested regularly at local, regional and national level.

I would like to place on record my personal appreciation to all those who worked so hard during this incident, and for the public's co-operation at what have must been a very distressing time for those affected.

In contrast to the devastating impact of the 1953 floods, widespread flooding was avoided on this occasion. However we must remain vigilant to the risk of further such events.

Foot and Mouth/Blue Tongue Disease

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): I would like to update the House on the Foot and Mouth and Bluetongue outbreaks further to my oral statement to the House on 8 October 2007, column 39, volume 464.

A number of changes have been made to the measures put in place as a result of Foot and Mouth disease and restrictions have been significantly relaxed.

On 17 October, following extensive surveillance work and veterinary risk assessment, the Protection Zone around the infected premises and all movement restrictions outside the Risk Area were lifted, resulting in the removal of all movement restrictions for most parts of the country. This was extended further when on 21October the Risk Area was reduced and became a 10km Restricted Zone around the areas where surveillance was continuing.

Finally, on 5 November the Surveillance Zone was lifted, and while the Restricted Zone remains in place, the movement restrictions within the zone have been relaxed.

These changes have taken place as part of a plan to phase out restrictions as soon as possible once the disease situation and risk assessment allows. Extensive surveillance has now been carried out in a large area surrounding Pirbright and the infected premises and no further cases of foot and mouth have been found. This has resulted in a return to pre 3 August movement rules in most of the country.

I am also able to confirm that the restrictions on intra-community trade have been significantly relaxed. On 12 October the European Commission supported a Decision which allowed meat and meat products to be exported from a significant portion of Great Britain to other EU Member States, subject to conditions. The area from which these exports could take place was subsequently increased on 19 October and the conditions for exporting meat and meat products were eased slightly. These decisions were a welcome relief for many in the farming and exporting industries and demonstrated the confidence the Commission have in the measures we have taken to eradicate foot and mouth through our extensive surveillance and epidemiological work.

On 6 November, the EU agreed a further Decision relating to the export of meat and meat product from Great Britain. This new Decision will further relax the restrictions on exports for a large proportion of Great Britain much earlier than expected. This is a significant step in returning to business as usual and will go some way to relieve the pressures on our farming industries at this difficult time. It will also allow some of the industry to take advantage of seasonal export opportunities.

This Decision is expected to come into force later in November, and the current FMD Restricted Zone will fall when this occurs. The decision will split the country into three areas; an area in the south-east where no exports will be allowed, an area around this where exports will be restricted and the rest of Great Britain, where pre-foot and mouth conditions will be restored provided exporters supply certification.

I welcome the new Commission Decision. However, in order to comply with the decision, and to preserve the status of those animals that are eligible for export, it will be necessary to apply conditions to live animal movements out of the area where exports are banned or restricted. Live animal movements will continue to be allowed from this area, but we will have to apply a level of control that protects our export status in the rest of Great Britain. We are very much aware of the impact of re-imposing conditions on movements and are working closely with the Industry Stakeholder Core Group and other stakeholders to ensure that an effective solution can be implemented. We will make every effort to minimise the impact of these changes on the farming industries and limit the red tape. The Commission Decision will remain in force until the end of the year.

I understand the difficulties that this may pose for some; however these changes will have overall benefits for farming businesses across the country, particularly on market prices. We will continue to work with the EU to ensure that the export market remains open and that

the remaining restrictions are removed as soon as is practicable. Maintaining the support of the Commission and other Member States is crucial as we work towards securing FMD disease freedom at international (OIE) level.

In my last statement I announced a package of assistance worth £12.5 million aimed at supporting those most severely affected by the recent events. Implementation of all elements of the package is well underway and some are almost completed.

The bulk of the assistance to hill farmers has now been paid. Approximately £7.4 million had been paid out by the end of October, with the total now processed standing at £8.3 million. The rest of the payments are expected to be made by the end of December. Also, the arrangements for Fallen Stock Scheme for farmers in the risk area have been put in place. Take up of the Scheme has been limited, suggesting that farmers in the Restricted Zone have found alternative outlets for their stock. The scheme is due to close when the current Restricted Zone is lifted, which is expected to be on 15 November at the earliest.

The Arthur Rank Centre has started disbursing the funds I allocated to the farming charities (up to £1 million) to help those struggling to cope. The money is going to the charities in the Farming Help Partnership and, via the Farm Crisis Network, to local support groups doing similar work alongside them in certain areas of the country. A sum of £500,000 has already been transferred to the Arthur Rank Centre. A report on activities and the impact of this funding will come forward in mid-December.

We have received proposals from the Meat and Livestock Commission (MLC) regarding the £2 million for promotion and marketing of lamb, beef and pork. The first payment of £250,000 has been made and lamb promotion additional to that already being carried out using levy payers' funds has started. In this context the demand for lamb from our European colleagues is proving strong. Additional beef promotion will start later this month. Preparatory work has started for promoting third country exports of pork once we have regained OIE freedom, and additional domestic pork promotion will start in January as the current levy funded campaign ends.

In relation to the Pirbright site, since 7 September the Health and Safety Executive and DEFRA have carried out further joint inspections, and work on the Improvement Plan is well underway. All essential work will need to be completed at the Pirbright site before full operations can recommence at all its facilities. However, remedial work has been carried out at the site and extensively tested including work on the effluent pipes identified in the HSE report. HSE and DEFRA inspectors have reviewed the results together with other improvements at the site (including operating procedures) and have concluded that it is safe for vaccine production to recommence.

Therefore, on 6 November, DEFRA restored the Specified Animal Pathogens Order (SAPO) licence to Merial Animal Health to permit the use of FMD and Bluetongue viruses for vaccine production, following further extensive inspections, tests and documentary evidence. DEFRA and HSE inspectors were satisfied that Merial can comply with all of the required licence conditions and have in place all the necessary measures to ensure strict biosecurity throughout the site.

Turning to the situation on bluetongue, current evidence suggests that the disease is broadly contained within the Protection Zone. Up until winter we can expect to continue to see further cases in this area due to local animal movements and spread via midges, as well as sporadic cases outside this zone. These cases will continue to be reflected where necessary with adjustments to the boundaries of the zones.

We are continuing to monitor our approach to the control of this disease as well as decisions on zones and movement controls in discussion with industry. This disease is quite different to FMD and it is important that decisions on control are taken by the industry, and not just by Ministers. Our objective, agreed with the industry, remains to contain the disease within the currently affected areas.

I very much recognise the growing economic pressures on those farmers caught within the zones. Animals are allowed to move within the zones. From 14 October, in discussion with industry, we allowed markets to take place within the zones and animals to go to slaughter at specified slaughterhouses outside the zones. Animals have been allowed to move through the zones since 18 October

New EU rules came into force on 1 November which created a clearer and more harmonised approach to dealing with this disease. One immediate effect was to change the name of the zones, so that they now mirror the zones used for other diseases. The new rules required us to apply some new conditions to permitted movements. We accepted the views of the industry that the requirement for pre-notification of movements was administratively burdensome and have taken this up with the Commission. In the meantime we are not applying this condition.

We continue to discuss with industry on a regular basis, whether we should move to the next stage of our control strategy which would see the UK as a single large zone. However, current analysis of the epidemiology and cost benefit of such a move indicates that the potential benefits of trying to control the spread of disease still outweigh the costs. We are working with delivery partners and the industry to seek urgent solutions to problems that are occurring with welfare and movements to winter grazing out of the Protection Zone.

We are developing our surveillance strategy to determine disease spread and to plan for the possibility that the disease may re-emerge next year. With that in mind, on 1 November DEFRA issued a tender for between 10 to 20 million doses of bluetongue vaccine. No suitable vaccine is currently available for the strain of bluetongue circulating in England. However, several companies have vaccines under development and these are expected to be available from next summer. In keeping with the principles of our control strategy which we published in August, we are developing a detailed vaccination plan for approval by the European Commission and livestock keepers will be offered the opportunity to purchase vaccine from the bank. I am sure the benefits of vaccination will make real economic sense to many farmers. The vaccination plan is being developed with scientific experts (including those external to DEFRA), representatives of the farming industry and others. Discussions are also continuing on possible approaches to vaccination with the European Commission and other Member States affected by bluetongue.

Although we are approaching the end of the vector season, it is vital that farmers in the zones continue to be vigilant, and for the sake of their industry, continue to report all suspicion of disease.

This has been an especially difficult period for the farming industry, as well as individual farmers and their families. I would like to take this opportunity to pay tribute to all those from Government bodies, charities, and the farming community who have gone to great lengths to control these outbreaks. I would also like to thank Debby Reynolds, the Chief Veterinary Officer, who has decided to take early retirement. I am extremely grateful for Debby's advice and hard work on behalf of the Department both during the recent animal disease outbreaks and over the years. I wish her all the very best in her future career. Fred Landeg has been appointed as CVO in the interim.

I will continue to keep the House informed of developments.

LEADER OF THE HOUSE

Topical Debate

The Leader of the House of Commons (Ms Harriet Harman): The first subject of topical debate on Thursday 15 November 2007 will be immigration.

WOMEN AND EQUALITY

Equality

The Minister for Women and Equality (Ms Harriet Harman): I am pleased to announce that the Government are publishing today, and making copies available in both Houses, their response to the report on equality of the House of Commons Communities and Local Government Committee, published on 2 August 2007.

I am determined to carry forward, with my colleagues in Government, an equality strategy that builds on the substantial advances we have already achieved: for example, closing the gender pay gap from 17.4 per cent. in 1997 to 12.6 per cent. in 2007; enabling 18,000 civil partnerships to be formed in the first year following legislation; banning discrimination against people of any sexual orientation and people of different religions or who do not have a religion, when they want to buy or access goods or services and when they are at work; banning age discrimination in the workplace; establishing the Equality and Human Rights Commission.

Yet persistent inequalities remain. In responding to the Committee's report and specific recommendations, the Government also set out their direction of travel on equality, including progress on the Equalities Public Service Agreement, the Equality Bill, women's priorities and their intention to develop an equality strategy that builds on the findings of the Equalities Review.

Written Ministerial Statements

Wednesday 14 November 2007

COMMUNITIES AND LOCAL GOVERNMENT

Floods

The Minister for Local Government (John Healey): Local authorities were central to the response to the flooding that occurred this summer which caused widespread damage to homes, businesses and key public services. With around 48,000 homes affected and damage to schools and roads, councils remain central to the recovery operations and some may struggle to meet key service targets such as waste collection, recycling and decent homes.

Therefore, I am announcing plans today to ensure that councils severely affected by this summer's floods will not be unfairly penalised through the local performance framework. To ensure our approach is clear, consistent and transparent, I am publishing a statement of principles, which is set out below.

I want to ensure that local authorities and partners are able to concentrate on flood recovery whilst continuing to deliver the best service they can to their citizen. The Government will adopt this to enable departments and inspectorates to take into account evidence showing temporary dips in performance resulting from the flooding against an improving trend or previous good performance.

However, we are also clear that maintaining momentum on existing improvements is important, especially as we introduce the new local performance framework and indicator set over the next year. For this reason we will not make general revisions to targets for the flooded areas. The process for agreeing any flexibilities will be transparent and clear.

Statement of Principles - Guidelines for considering performance management flexibilities

While performance management flexibilities will need to be agreed on a case-by-case basis with each area, the following are some broad principles to inform the engagement with authorities affected by floods:

Main principles

1. Where the impact of the floods results in an unusual strain being placed on local authorities and their partners, Government Departments and the relevant inspectorates will recognise this when considering performance assessment data. In particular we would expect common sense to be used when reacting to any temporary dips in performance against an improving trend or previous good performance.

2. Nonetheless, the best value duty to secure continuous improvement still applies and citizens have a right to expect that disruption to services will be minimised as far as possible. So, we would only expect flexibilities to be agreed in areas significantly affected by flooding and where clear evidence can be demonstrated as to why flexibilities are necessary.

3. Sound information remains a critical underpinning to understanding and managing performance, so authorities should continue to measure and report on their performance.

4. Negotiation of new Local Area Agreements from autumn 2007 to spring 2008 will not be delayed. Individual authorities may wish to discuss with their GO any additional support they may need to do this.

5. In line with practice in other cases where the performance of authorities and partners has been affected by events beyond their control, we cannot agree to renegotiate the targets against which reward grant is paid, either from Local Public Service Agreements or the reward element of Local Area Agreements.

6. However, we are looking at the possibility of allowing some flexibility in terms of assessment of performance attained if affected by flooding. This would be done through provision of direct evidence to independent assessors that a target would have been met in full or the threshold for reward attainment exceeded if flooding had not occurred. This would not result in adjustment of a target; rather, a change in the performance judged to have occurred.

Handling procedures

1. GO Locality Managers will be the channel for any discussions held between relevant departments, inspectorates and local authorities to achieve agreement on individual issues.

2. Inspectorates are responsible for the independent judgements they make and the methodologies on which they do so. It will therefore be for them to determine what reasonable flexibilities they can agree, within the boundaries of the principles outlined above. This might include cancelling or rescheduling an inspection, or taking account of the impacts of the flooding in reaching any judgements.

3. While we recognise the impacts of flooding can take several years to fully repair, we believe performance management flexibilities should be limited to the period that authorities are dealing with the immediate impacts and setting up their longer term arrangements. Therefore, we would expect flexibilities to be limited to within the financial year 2007-08 (recognising that this also covers inspections and assessments made in 2008-09 using 2007-08 data).

HOME DEPARTMENT

Protective Security

The Secretary of State for the Home Department (Jacqui Smith): My right hon. Friend the Prime Minister announced in his statement on 25 July 2007, column 841, volume 463, a review by the Parliamentary Under-Secretary of State for Security and Counter-Terrorism (Lord West) of how best we protect crowded places, transport infrastructure and critical national infrastructure from terrorist attack.

This review has been completed and shows that a substantial amount of work has been undertaken or is under-way to increase levels of protective security in each of these three areas. It also identifies areas where further improvements could be made but recognises that we must ensure that protective security measures are proportionate to the risk.

We need to ensure that individuals and businesses are free to carry on our normal social, economic and democratic activities and, as a result, there will always be some vulnerability to terrorist attack. I do not intend to publish the review because I do not wish in any way to compromise our security. But I can mention some of the main points.

Crowded Places

Lord West has concluded that we need to make further improvements in reducing the vulnerability of crowded places to terrorist attack. This will be done by publishing next year, after further consultation, a new strategic national framework to encourage greater partnership working at the local level between local authorities, other local partners and in particular businesses. This will build on existing local partnerships such as Crime and Disorder Reduction Partnerships, and help local partners to incorporate counter-terrorist security advice into their existing work to improve community safety.

Local police Counter-Terrorism Security Advisers (CTSAs) already provide general counter-terrorism protective security advice in person to businesses, communities and other stakeholders. The Government will strengthen their work by investing a further £1.5 million in Counter-Terrorism Security Adviser posts from April 2008 which will enable more protective security advice to be provided at the local level to both the public and private sector.

We are also raising the profile of protective security at a local level by including an indicator on "Protection against terrorist attack" in the Single Set of National Indicators for Local Authorities and Local Authority Partnerships (published on 11 October). Following consultation, we intend to bring into effect during 2008-09 a standard way for police Counter Terrorism Security Advisers to assess vulnerability and other relevant factors which will enable local partnerships to prioritise their work and assess progress.

Professional protective security guidance is a crucial part of this approach. The police National Counter-Terrorist Security Office (NaCTSO) has already produced guides to improving protective security by business sector. Guides aimed at sports stadia, pubs, clubs and bars, shopping centres and high streets and visitor attractions have been produced and distributed to businesses in these sectors and copies are available from www.nactso.gov.uk.

Other protective security guidance for cinemas and theatres, restaurants and hotels and the education and health sectors will be produced by April 2008. Guidance for major events (which will include open air events and festivals) religious sites/places of worship and commercial centres will be produced by July 2008.

In addition, we will make improvements to the planning process, as identified by the hon. Member for Newark (Patrick Mercer), in his contribution to the review so that more is done to protect buildings from terrorism from the design stage onwards. For example, new initiatives have been identified with the support of relevant professional bodies to raise the awareness and skills of architects, planners and police Architectural Liaison Officers in relation to counter-terrorism protective security.

Transport infrastructure

The review has acknowledged the effectiveness of the security programme that has already been implemented across the transport sector. This focuses on delivering security measures that help protect the travelling public and transport staff and facilities from terrorism threats, without impacting disproportionately on how the industry operates. While the regulated operators themselves deliver and fund these security measures, the Government regulate what these measures need to be. The report acknowledges the proportionality and practicality of our requirements and the extent to which the industry is involved in their development, as well as the challenges implicit in the "user pays" principle.

The report notes the significance of particular areas of work under-way. In particular, the Government will issue further guidance to the aviation industry on measures that can be taken to provide an appropriate level of protective security at entry points to airports and terminals. We will also accelerate work to deliver better measures to protect railway stations from the risk of a vehicle attack. The Government's Multi-Agency Threat and Risk Assessment (MATRA) approach that we employ across a range of transport modes will ensure that measures are co-ordinated efficiently.

Critical National Infrastructure (CNI)

The review showed that there is a high standard of protection of the critical national infrastructure from the threat of terrorism. Security specialists such as the Centre for the Protection of National Infrastructure (CPNI) are working effectively with Government Departments and the private sector to provide a proportionate level of protective security response commensurate with the different types of threat and risks affecting the CNI.

Nevertheless, the review has identified some specific improvements which could be made to the way in which we protect the CNI. For example, we intend to build on work already under-way to implement a modernised approach to identifying and categorising critical infrastructure which takes full account of information networks as well as physical assets and of the interdependencies across sectors. This will enable better prioritisation and most effective use of resources in order to deliver security improvements across the national infrastructure where they are most needed.

The new approach will be in use across the majority of sectors by the start of the next financial year (2008-09). In addition, further CPNI work on measures to protect against vehicle borne attack will be accelerated, and new research initiatives progressed.

LEADER OF THE HOUSE

Legislative Programme

The Leader of the House of Commons (Ms Harriet Harman): I am pleased to announce I am publishing today "The Government's Draft Legislative Programme—Taking a Wider View".

Copies of this document can be obtained from the Vote Office

TRANSPORT

Aviation Security

The Secretary of State for Transport (Ruth Kelly): The restriction on the number of cabin bags which passengers are permitted to carry onto an aircraft (the 'one-bag rule') was introduced following the August 2006 security alert. The alleged plot to bomb aircraft on transatlantic flights highlighted a new method of terrorist attack, using relatively small amounts of liquids and other components.

It was clear that in the wake of this new danger, we needed a new regime that would prevent dangerous liquids being taken on board aircraft—and yet would be practical to implement, while also ensuring that security levels would not be compromised. As a result screeners would be looking for a substantially bigger range of potentially dangerous items.

We were clear from the beginning, though, that the one-bag rule was a temporary arrangement—and that the one-bag rule would change once the industry had demonstrated its ability to screen passengers and bags to an acceptable standard, in the light of the new threat.

We have assessed the effectiveness of the one-bag rule over the past year, considering airport investment in new screening technologies, and the improvements that extra security staff and new procedures have made at selected airports around the country.

I am announcing today a new approach to hand baggage security that will be introduced progressively as airports are ready to handle the extra capacity, so we can pass the benefits on to the passenger as quickly as possible.

We are inviting each airport to submit plans to take advantage of new technology, operational innovations, and unexploited capacity in the system to make a real difference to passengers as soon as possible.

Because airports are so busy at Christmas, the earliest date that airports will be able to introduce a new approach to hand luggage will be 7 January 2008. I hope to see rapid progress across the whole country—with all airports submitting plans over the next few months.

This is not about relaxing security; it is about allowing airports to take advantage of smarter technologies and improved processes to deliver a better service to the passenger.

Written Ministerial Statements

Thursday 15 November 2007

TREASURY

Double Taxation Convention (Slovenia)

The Financial Secretary to the Treasury (Jane Kennedy): A new Double Taxation Convention with Slovenia was signed on 13 November 2007. After signature, the text of the Convention was deposited in the Libraries of both Houses and made available on HM Revenue and Customs' website. The text of the Convention will be scheduled to a draft Order in Council and laid before the House of Commons in due course.

Departmental Expenditure (ONS)

The Exchequer Secretary to the Treasury (Angela Eagle): Subject to Parliamentary approval of any necessary Supplementary Estimate, the Office for National Statistics' total departmental expenditure limit (DEL) will be increased by £941,000 from £174,237,000 to £175,178,000, and the administration budget will be increased by £1,491,000.

Within the DEL change, the impact on resources and capital is as set out in the following table:

£000

	Change		*New DEL*		
	Voted	*Non-Voted*	*Voted*	*Non-Voted*	*Total*
Resource DEL	941	-	162,504	7,027	169,531
Of which:					
Administration Budget*	1,491	-	162,504	7,027	169,531
Near-cash in RDEL	-2,844	9,231	133,454	16,699	150,153
Capital**	-	-	27,580	-	27,580
Less Depreciation	-	-	-21,933	-	-21,933
Total	941	-	168,151	7,027	175,178

*The total of 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.
**Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.
† Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource element of DEL arises from:

Take up of End-Year Flexibility (EYF) of £777,000 from the Invest to Save Budget as set out in the Public Outturn White Paper (CM 7156); and

Transfer of £164,000 from the Cabinet Office in respect of Civil Service statistics.

The change in the administration budget arises from the take up of administration DEL EYF of £777,000 from the Invest to Save Budget, the transfer of £164,000 from the Cabinet Office and a reclassification, from programme to admin, of £550,000 EU expenditure.

Departmental Expenditure Limits (Treasury)

The Exchequer Secretary to the Treasury (Angela Eagle): Subject to Parliamentary approval of any necessary Supplementary Estimate, HM Treasury's total Departmental Expenditure Limit (DEL) will be increased by £6,028,000 from £223,420,000 to £229,448,000. Within the total DEL change, the impact on resources and capital is set out in the following table:

	Change		*New DEL*		
	Voted	*Non-voted*	*Voted*	*Non-voted*	*Total*
Resource	14,519,000	-8,491,000	203,975,000	27,812,000	231,787,000
Of which					
Administration budget[1]	6,028,0001	—	166,429,000	7,422,000	173,851,000
Near cash in RDE[1]	12,568,000	-8,491,000	192,154,000	38,990,000	231,144,000
Capital[2]	—	—	7,200,000	—	7,200,000
Less					
Depreciation[3]	—	—	-9,539,000	—	-9,539,000
Total	14,519,000	-8,491,000	201,636,000	27,812,000	229,448,000

[1] The total of 'Administration budget' and 'Near cash in Resource DEL' figures may well be greater than total Resource DEL, due to definitions overlapping.
[2] Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.
[3] Depreciation, which forms part of Resource DEL, is excluded from the total DEL since Capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource element of the DEL arises from:

A Machinery of Government transfer of £4,028,000 (within the administration budget) from the Cabinet Office in respect of the transfer of the Prime Minister's Delivery Unit to HM Treasury;

Draw down of £2,000,000 (within the administration budget) from the Financial Inclusion Fund to finance the Thoresen Review;

Take up of Departmental Unallocated Provision of £8,491,000 for OGC structural exits—a transfer from non-voted to voted spending within DEL.

Departmental Expenditure (Revenue and Customs)

The Financial Secretary to the Treasury (Jane Kennedy): Subject to parliamentary approval of any necessary supplementary estimate, the HM Revenue & Customs total DEL will be increased by £76,487,000 from £4,547,630,000 to £4,624,117,000. Within the total DEL change, the impact on resources and capital are as set out in the following table:

£'000

	Change		*New DEL*		
	Voted	*Non-Voted*	*Voted*	*Non-Voted*	*Total*
Resource DEL	91,487	-15,000	4,146,645	393,013	4,539,658
Of which:					
Administration Budget[1]	92,487	-15,000	4,396,533	45,047	4,441,607
Near-cash in RDEL[1]	63,227	-15,000	3,770,975	427,161	4,198,136
Capital[2]	-	-	263,971	3,739	267,710
Less Depreciation[3]	-	-	-183,251	-	-183,251
Total DEL	91,487	-15,000	4,227,365	396,752	4,624,117

[1]The total of 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.
[2]Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.
[3]Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource element of DEL arises from:

£44,500,000 administration costs, from the Modernisation Fund to modernise and transform HMRC.

£30,000,000 administration near cash costs, from the DEL Reserve to expand call centre capacity.

£1,587,000 administration near cash costs transferred from the Cabinet Office in respect of Parliamentary Counsel Office Funding.

£1,400,000 take up of end year flexibility (EYF) in accordance with the Public Expenditure Outturn White Paper (CM 7156). This is from programme expenditure EYF, agreed to be spent as administration costs.

£1,000,000 programme near cash expenditure transferred to the Serious Organised Crime Agency (SOCA).

The change in the administration budget arises from the changes detailed in the resource element above excluding the £1,000,000 programme transfer to SOCA.

BUSINESS, ENTERPRISE AND REGULATORY REFORM

Departmental Expenditure (DBRR)

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): Subject to Parliamentary approval of the necessary Supplementary Estimate, the Department for Business, Enterprise and Regulatory Reform's DEL will be reduced by £3,748,144,000 from £7,144,961,000 to £3,396,817,000 and the administration budget will be increased by £9,740,000 from £316,969,000 to £326,709,000.

Within the DEL change, the impact on resources and capital is as set out in the following table:

£'000

	Change		*New DEL*		
	Voted	*Non-Voted*	*Voted*	*Non-Voted*	*Total*
Resource	-1,243,051	-2,519,614	-645,427	2,874,567	2,229,140
Of which:					
Administration Budget[1]	9,740		626,709		326,709
Near-cash in Resource DEL[2]	-1,233,909	-2,383,626	-798,609	2,930,512	2,131,903
Capital	-376,226	390,747	-698,824	1,866,501	1,167,677
Less Depreciation[3]	3,170	55,115	-38,275	-9,129	-47,404
Total DEL	-1,616,107	-2,073,752	1,382,526	4,731,939	3,349,413

[1]The total of 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.
[2]Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.
[3]Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource element of the DEL arises from:

RfR1

i) Machinery of Government transfer of £6,146,000 voted expenditure and £1,955,000 non-voted receipts to the Department for Innovation, Universities and Skills in respect of the UK Intellectual Property Office;

ii) Machinery of Government transfer of £6,370,000 to the Department for Innovation, Universities and Skills in respect of non-voted expenditure of the Design Council;

iii) Machinery of Government transfer of £168,300,000 to the Department for Innovation, Universities and Skills in respect of the Technology Strategy;

iv) Machinery of Government transfer of £296,000 to the Department for Innovation, Universities and Skills in respect of the National Weights and Measures Laboratory;

v) Machinery of Government transfer of £27,650,000 to theDepartment for Innovation, Universities and Skills in respect of Space;

vi) Machinery of Government transfer of £3,500,000 to the Department for Innovation, Universities and Skills in respect of Civil Aircraft Research and Demonstration;

vii) Machinery of Government transfer of £57,573,000 to the Department for Innovation, Universities and Skills in respect of the National Measurement System;

viii) Machinery of Government transfer of £56,788,000 to the Department for Innovation, Universities and Skills in respect of Standards, Knowledge Transfer Partnerships, Legacy Schemes, Corporate Social Responsibility;

ix) Machinery of Government transfer of £1,000,000 to the Department for Innovation, Universities and Skills in respect of UK Intellectual Property Office for legal costs;

x) Machinery of Government transfer of £214,000 to the Department for Innovation, Universities and Skills in respect of the National Weights and Measures Laboratory;

xi) Increase of £2,762,000 in respect of an award from the Financial Inclusion Fund for face to face debt advice;

xii) Transfer of £4,000,000 from the Ministry of Defence in respect of Global Threat Reduction;

xiii) Virement of £5,671,000 from voted to non-voted expenditure in respect of the Regional Development Agencies reflecting increased contributions from other Government Departments;

xiv) Virement of £50,000,000 from non-voted expenditure in respect of the Regional Development Agencies to provide for voted pressures with regard to sustainability and business programmes following the Machinery of Government changes;

xv) Reclassification to capital of £728,383,000 of non-voted expenditure in respect of the Nuclear Decommissioning Authority;

xvi) Virement of £833,811,000 from voted to non-voted expenditure in respect of the Nuclear Decommissioning Authority reflecting increased commercial income;

xvii) Virement of £1,000,000 from voted expenditure on the Small Business Service to non-voted expenditure in respect of the Regional Development Agencies;

xviii) Virement of £2,000,000 from voted expenditure of the Insolvency Service to non-voted expenditure in respect of the Local Better Regulation Office;

xix) Reclassification of £68,000,000 from Annually Managed Expenditure to Departmental Expenditure Limit in respect of a subsidy to the Royal Mail for losses/restructuring;

RfR2

i) Machinery of Government transfer of £41,072,000 to the Department for Innovation, Universities and Skills in respect of the Royal Society;

ii) Machinery of Government transfer of £9,752,000 to the Department for Innovation, Universities and Skills in respect of the Royal Academy of Engineering;

iii) Machinery of Government transfer of £21,385,000 to the Department for Innovation, Universities and Skills in respect of the British Academy;

iv) Machinery of Government transfer of £6,000,000 to the Department for Innovation, Universities and Skills in respect of OSI Initiatives;

v) Machinery of Government transfer of £11,395,000 to the Department for Innovation, Universities and Skills in respect of Science and Society;

vi) Machinery of Government transfer of £104,000,000 to the Department for Innovation, Universities and Skills in respect of Knowledge Transfer (Higher Education Innovation Fund and Exploitation of Discoveries at Public Sector Research Establishments);

vii) Machinery of Government transfer of £97,343,000 to the Department for Innovation, Universities and Skills in respect of non-voted expenditure of the Arts and Humanities Research Council;

viii) Machinery of Government transfer of £340,825,000 to the Department for Innovation, Universities and Skills in respect of non-voted expenditure of the Biotechnology and Biological Sciences Research Council;

ix) Machinery of Government transfer of £144,265,000 to the Department for Innovation, Universities and Skills in respect of non-voted expenditure of the Economic and Social Research Council;

x) Machinery of Government transfer of £667,070,000 to the Department for Innovation, Universities and Skills in respect of non-voted expenditure of the Engineering and Physical Sciences Research Council;

xi) Machinery of Government transfer of £490,040,000 to the Department for Innovation, Universities and Skills in respect of non-voted expenditure of the Medical Research Council;

xii) Machinery of Government transfer of £354,613,000 to the Department for Innovation, Universities and Skills in respect of non-voted expenditure of the Natural Environment Research Council;

xiii) Machinery of Government transfer of £5,572,000 to the Department for Innovation, Universities and Skills in respect of non-voted EU-related receipts of the Natural Environment Research Council;

xiv) Machinery of Government transfer of £483,808,000 to the Department for Innovation, Universities and Skills in respect of non-voted expenditure of the Science and Technology Facilities Council;

xv) Machinery of Government transfer of non-voted expenditure of £3,300,000 to the Department for Innovation, Universities and Skills in respect of EURATOM (European Fusion);

xvi) Machinery of Government transfer of non-voted expenditure of £4,306,000 to the Department for Innovation, Universities and Skills in respect of Departmental Unallocated Provision;

Also within the change to resource DEL, the changes to the administration budget are (RfR1):

i) Machinery of Government transfer of £11,429,000 from the Cabinet Office in respect of the Better Regulation Executive;

ii) Machinery of Government transfer of £14,690,000 to the Department for Innovation, Universities and Skills in respect of innovation;

iii) Machinery of Government transfer of £641,000 from the Department for Communities and Local Government in respect of regional activities;

iv) Transfer of £125,000 to the Department for Communities and Local Government in respect of a correction to the Women's Equality Unit Machinery of Government transfer made in 2006/07;

v) Transfer of £1,685,000 from the Cabinet Office in respect of the Parliamentary Counsel Office;

vi) Reclassification of £20,000,000 from programme to administration expenditure in respect of revised treatment of consultancy fees and contract charges;

vii) Reclassification of £700,000 from voted administration to non-voted programme expenditure in respect of the Regional Development Agencies;

RfR2:

i) Machinery of Government transfer of £3,500,000 to the Department for Innovation, Universities and Skills in respect of the Science and Engineering Base;

ii) Machinery of Government transfer of £5,000,000 to the Department for Innovation, Universities and Skills in respect of the Transdepartmental Science and Technology Group;

The change in the capital element of the DEL arises from:

RfR1

i) Machinery of Government transfer of £166,000 receipts to the Department for Innovation, Universities and Skills in respect of the UK Intellectual Property Office;

ii) Machinery of Government transfer of £10,000,000 to the Department for Innovation, Universities and Skills in respect of the Technology Strategy;

iii) Machinery of Government transfer of £231,000 to the Department for Innovation, Universities and Skills in respect of the National Weights and Measures Laboratory;

iv) Machinery of Government transfer of £9,867,000 to the Department for Innovation, Universities and Skills in respect of the National Measurement System;

v) Increase of £639,000 to the Regional Development Agencies in relation to the Leeds UDC Dowry;

vi) Reclassification from resource of £728,383,000 of non-voted expenditure in respect of the Nuclear Decommissioning Authority;

vii) Virement of £57,284,000 from voted to non-voted expenditure in respect of the Nuclear Decommissioning Authority reflecting increased commercial income;

viii) Utilisation of £78,000,000 from the unused balance of the Department's EYF entitlement for renewable energy;

ix) Transfer of £78,000,000 from the renewable energy budget to the Department for Innovation, Universities and Skills for Science purposes;

x) Virement of £10,000 from voted Regional Selective Assistance expenditure to non-voted expenditure in respect of the Local Better Regulation Office.

RfR2

i) Machinery of Government transfer of £300,000,000 to the Department for Innovation, Universities and Skills in respect of the Science Research Investment Fund;

ii) Machinery of Government transfer of £1,000,000 of receipts to the Department for Innovation, Universities and Skills in respect of the Biotechnology and Biological Sciences Research Council;

iii) Machinery of Government transfer of £55,231,000 to the Department for Innovation, Universities and Skills in respect of non-voted expenditure of the Biotechnology and Biological Sciences Research Council;

iv) Machinery of Government transfer of £7,950,000 to the Department for Innovation, Universities and Skills in respect of non-voted expenditure of the Economic and Social Research Council;

v) Machinery of Government transfer of £67,826,000 to the Department for Innovation, Universities and Skills in respect of non-voted expenditure of the Engineering and Physical Sciences Research Council;

vi) Machinery of Government transfer of £69,468,000 to the Department for Innovation, Universities and Skills in respect of non-voted expenditure of the Medical Research Council;

vii) Machinery of Government transfer of £54,765,000 to the Department for Innovation, Universities and Skills in respect of non-voted expenditure of the Natural Environment Research Council;

viii) Machinery of Government transfer of £134,008,000 to the Department for Innovation, Universities and Skills in respect of non-voted expenditure of the Science and Technology Facilities Council;

ix) Machinery of Government transfer of non-voted expenditure of £6,321,000 to the Department for Innovation, Universities and Skills in respect of Departmental Unallocated Provision.

Postal Services Commission

The Postal Services Commission net cash requirement will be increased by £1,517,000 from £1,000 to £1,518,000. There is no impact on resource or capital DEL as set out in the following table:

				New DEL
				£'000
	Change	*Voted*	*Non-Voted*	*Total*
Resource	0	1	0	1
Of which:				
Administration Budget[1]	0	1	0	1

	Change	Voted	Non-Voted	New DEL £'000 Total
Near-cash in Resource DEL[2]	0	-866	0	-866
Capital	0	460	0	460
Less Depreciation[3]	0	-772	0	-772
Total DEL	0	-311	0	-311

[1]The total of 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.
[2]Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.
[3]Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the net cash requirement is a result of a forecast decrease in end-year creditors which is higher than the original forecast in the Main Estimate.

Office of Gas and Electricity Markets

Subject to Parliamentary approval of the necessary Supplementary Estimate, the Office of Gas and Electricity Market's DEL will be increased by £1,000 from £1,651,000 to £1,652,000 and the administration budget will be increased by £211,000 from £491,000 to £702,000.

	Change	Voted	Non-Voted	New DEL £'000 Total
Resource	0	702	0	702
Of which:				
Administration Budget[1]	1	702	0	702
Near-cash in Resource DEL[2]	1	-93	991	898
Capital	0	950	0	950
Less Depreciation[3]	0	-1000	0	-1000
Total DEL	0	652	0	652

[1]The total of 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.
[2]Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.
[3]Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource element of the DEL arises from a token increase in administration costs to cover an increase of £356,000 in expenditure offset by an increase of £355,000 in A. Additionally there is a reclassification of £210,000 from programme to administration costs.

There is no change in the capital element of the DEL.

CHILDREN, SCHOOLS AND FAMILIES

Departmental Expenditure (DCSF)

The Secretary of State for Children, Schools and Families (Ed Balls): Subject to Parliamentary approval of any necessary Supplementary Estimate, the Department for Children, Schools and Families Departmental Expenditure Limit (DEL) will be decreased by £14,106,193,000 from £64,665,498,000 to £50,559,305,000, the administration cost budget will be decreased by £45,221,000 from £237,698,000 to £192,477,000. The Office for Standards in Education, Children's Services and Skills (OFSTED) which has a separate Estimate and DEL, will be increased by £16,790,000 from £205,000,000 to £221,790,000 the administration cost budget will be increased by £485,000 from £28,470,000 to £28,955,000.

Within the DEL change, the impact on resources and capital are as set out in the following table:

DCFS	Resources				Capital[2]			
	Change	New DEL	Of which: Voted	Non-voted	Change	New DEL	Of which: Voted	Non- voted
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
RfR1	-12,934,650	43,318,471	42,329,619	988,852	-1,166,643	5,296,255	3,835,171	1,461,084
RfR2	-4,900	1,223,054	1,223,054	0	0	531,425	531,425	0
RfR3	0	190,100	190,100	0	0	0	0	0
DCSF Total	-12,939,550	44,731,625	43,742,773	988,852	-1,166,643	5,827,680	4,366,596	1,461,084
OFSTED	16,409	220,809	220,809	0	381	981	981	0
Sub Total	-12,923,141	44,952,434	43,963,582	988,852	-1,166,262	5,828,661	4,367,577	1,461,084
Of which Admin Budget[1]	-44,736	221,432	221,432	0	0	0	0	0

DCFS	Resources				Capital[2]			
	Change	New DEL	Of which: Voted	Non-voted	Change	New DEL	Of which: Voted	Non- voted
Near-cash in RDEL	-11,498,273	44,965,105	43,941,361	1,023,744	0	0	0	0
Depreciation[3]	24,200	-11,099	-9,943	-1,156	0	0	0	0
Total	-12,898,941	44,941,335	43,953,639	987,696	-1,166,262	5,828,661	4,367,577	1,461,084

[1]The total of 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.
[2]Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.
[3]Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

Within the Administration Cost budget changes, the impact is set out in the following table:

DfES	Original	Change	Revised
	£'000	£'000	£'000
DfES (RfRI)	237,698	-45,221	192,477
OFSTED	28,470	485	28,955
Total	266,168	-44,736	221,432

Department for Children, Schools and Families

Resource DEL

The decrease in the resource element of the DEL of £12,939,550,000 arises from an increase in the voted element of the resource DEL of £3,950,322,000 and a decrease of £16,889,872,000 in the non-voted element of resource DEL mainly in the Department's Non-Departmental Public Bodies.

Voted Resource DEL

The £3,950,322,000 increase in the voted element of the resource DEL arises from:

RFRI

Following the machinery of government changes, a net movement of £4,297,101,000 from non-voted resource DEL to fund departmental programmes through the Department for Innovation, Universities and Skills (DIUS), a transfer of £25,600,000 from the Home Office for the Respect programmes.

A movement from RfR2, £2,400,000 in respect of Early Years in Maintained schools.

A movement of £373,089,000 to non-voted resource DEL to support the machinery of government change.

A draw down from central funds of £4,661,000 to match departmental non-cash DEL with agreed Comprehensive Spending Review aggregates.

A transfer from the Cabinet Office £549,000 administration for the Parliamentary Council Office.

A transfer to the Department of Culture, Media and Sports £2,000,000 for Museum and Galleries.

RFR2

A movement of £2,400,000 to RfRI in respect of Early Years in Maintained schools.

A movement of £2,500,000 to non-voted resource DEL in respect of the National College for Schools Leadership.

Non-voted resource DEL

The £16,889,872,000 decrease in Non-voted resource DEL arises from:

Following the machinery of government changes, a net movement of £17,247,858,000 to DIUS.

A transfer of £15,924,000 to the Office for Standards in Education, Children's Services and Skills (OFSTED) to take on the role of the former Adult Learning Inspectorate.

A movement of £373,089,000 from voted resource DEL to support the machinery of government change.

A movement of £2,500,000 from RfR2 for the National College for Schools Leadership.

Giving up to central funds £1,679,000 to match departmental non-cash DEL with agreed Comprehensive Spending Review aggregates.

Capital DEL

The decrease in the capital element of the DEL of £1,166,643,000 arises from a £458,447,000 increase in the voted element of capital DEL and a decrease of £1,625,090,000 in the non-voted element of capital DEL.

Voted Capital DEL

The £458,477,000 decrease in the voted element of the capital DEL arises from:

RFRI

Following the machinery of government changes, an increase in voted DEL of £456,700 as part of the exercise to move provision to DIUS.

Technical adjustment to move £1,234,000 to non-voted to match departmental capital DEL with agreed Comprehensive Spending Review aggregates.

A technical adjustment to move £2,981,000 from non-voted capital DEL to match agreed Comprehensive Spending Review aggregates.

Non-voted Capital DEL

The £1,625,090,000 decrease in the non-voted element of capital DEL arises from:

A net movement of £1,622,962,000 to DIUS following the machinery of government changes.

A transfer of £381,000 to the Office for Standards in Education, Children's Services and Skills (OFSTED) to take on the role of the former Adult Learning Inspectorate.

Technical adjustment to move £1,234,000 from voted to match departmental capital DEL with agreed Comprehensive Spending Review aggregates.

A technical adjustment to move £2,981,000 to voted capital DEL to match agreed Comprehensive Spending Review aggregates.

Administration Cost Budget

Following the machinery of government changes, a transfer of £43,450,000 to DIUS.

Following the machinery of government changes, a transfer of £1,400,000 from the Home Office for the Respect programme.

Reclassification of £3,720,000 from administration costs to programme expenditure for the Academy programme.

A transfer of £549,000 from the Cabinet Office for the Parliamentary Council Office.

Office for Standards in Education, Children's Services and Skills

Voted Resource DEL

Following the machinery of government changes a transfer of £485,000 from the Ministry of Justice for the inspection of the Children and Families Court Advisory and Support Service.

A transfer of £15,924,000 from DCSF for inspection services relating to work-based learning and training and adult community learning.

Voted Capital DEL

A transfer of £381,000 from DCSF to meet IT and accommodation costs associated with inspection services relating to work-based learning and training and adult community learning.

Administration Cost Budget

Following the machinery of government changes a transfer of £485,000 from the Ministry of Justice for the inspection of the Children and Families Court Advisory and Support Service.

EU Youth Council

The Minister for Children, Young People and Families (Beverley Hughes): The Deputy UK Permanent Representative, Anne Lambert, will attend the Youth Council on 16 November. The agenda items are as follows:

Ministers will be asked to adopt a Resolution on implementing common objectives for voluntary activities of young people. The Resolution reflects one of the thematic priorities of the ongoing Open Method of Coordination for youth and also contributes to the joint Presidency priorities for 2007-08 of better social and professional integration of young people. The UK is broadly in favour of this document as it currently stands and particularly supports its emphasis on the positive contribution many young people make to society.

Ministers are expected to agree Conclusions on a transversal approach to youth policy. The Conclusions call for a more cross-cutting, mainstreaming approach to youth policy across education and employment in the context of the Lisbon Agenda. The UK supports this approach.

There will be an exchange of views on better consideration of youth issues in the implementation of the Lisbon strategy and implementing the European Youth Pact. The UK believes that the Youth Pact is best implemented through the National Reform Programmes and is anxious to avoid any additional burdens around youth-specific reporting.

COMMUNITIES AND LOCAL GOVERNMENT

Departmental Expenditure

The Secretary of State for Communities and Local Government (Hazel Blears): Subject to Parliamentary approval of any necessary Supplementary Estimate, the Department for Communities and Local Government's Departmental Expenditure Limits for 2007-08 will change as follows:

1. The Department for Communities and Local Government's Main Programmes DEL will be increased by £162,822,000 from £10,211,203,000 to £10,374,025,000 and the administration budget will also be increased by £5,245,000 from £290,762,000 to £296,007,000. Within the DEL change, the impact on resources and capital are as set out in the following table:

£000

	Change		*New DEL*		
	Voted	*Non-voted*	*Voted*	*Non-voted*	*Total*
Resource	19,184	-21,694	4,124,326	196,006	4,320,332
Of which:					
Administration budget[1]	5,245		296,007		296,007
Near-cash in RDEL	14,312	-16,233	4,075,671	116,369	4,192,040
Capital[2]	9,362	147,307	2,493,458	3,600,305	6,093,763
Depreciation[3]	-2,107	10,770	-28,547	-11,523	-40,070
Total	26,439	136,383	6,589,237	3,784,788	10,374,025

[1] The total of 'Administration budget' and 'Near-cash in resource DEL' figures may well be greater than total resource DEL due to the definitions overlapping.
[2] Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets
[3] Depreciation, which forms part of resource DEL, is excluded from the total DEL, since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource element of the DEL arises from:

(i) take up of End Year Flexibility of £49,894,000 comprising :

Programme Expenditure

(a) £1,476,000 from the Invest to Save Budget comprising £463,000 for a project for Homelessness; £682,000 for the Transactional European Regional Development Fund and State- Aid project and £331,000 for the Cheshire Project for Fire Services

(b) £1,048,000 for Home Buying and Selling;

(c) £2,015,000 for Procurement Efficiency and Social Housing programme;

(d) £4,000,000 for Safer and Stronger Communities Fund;

(e) £6,500,000 for the non voted Commission for Equality and Human Rights (CEHR) start up costs, The money is subsequently to be transferred to the Government Equalities Office;

(f) £8,265,000 for New Deal for Communities;

(g) £382,000 for Disabled Facilities Grant;

(h) £13,390,000 for Local Area Agreements;

(i) £9,818,000 to fund staff early exits in the central Department and the Government Offices,

Administration costs

(j) £3,000,000 for central administration costs to cover the work of the Department for Communities and Local Government.

(ii) a transfer of £1,700,000 from Fire Publicity-(Main DEL) Request for Resources (RfR 1) to Best Value Inspection (Local Government DEL -RfR2) to support Audit Commission Comprehensive Performance Assessment Inspection work on Fire and Rescue Authorities.

(iii) a transfer of £10,000.000 to Resource from Capital for flood recovery.

(iv) a net transfer of £60,704,000 to other Government Departments, comprising:

To Other Government Departments

Programme Expenditure

(a) £62,949,000 to reflect Machinery of Government Changes moving funding for the Commission for Equality and Human Rights and other Equalities functions to the Government Equalities Office (GEO).

Administration Costs (Central Department)

(b) £4,526,000 to reflect Machinery of Government Changes comprising £641,000 to the Department for Business Enterprise and Regulatory Reform (DBERR) for regional policy administrative functions and £3,885,000 to the Government Equalities Office for Equalities functions.

From Other Government Departments

Administration Costs (Central Department)

(c) £806,000 from the former Deputy Prime Minister's Office to cover staff transferring back to the Department;

(d) £538,000 to reflect the transfer of £125,000 from the Department for Business Enterprise and Regulatory Reform for outstanding staff and accommodation costs from previous Machinery of Government changes and £413,000 from the Cabinet Office for the work of Parliamentary Counsel.

Administration Costs (Government Offices)

(e) £624,000 from the Department for Transport as a contribution to costs of staff early exits;

(f) £4,039,000 from the Department for the Environment Food and Rural Affairs for work on their core agenda; and

(g) £764,000 from the Cabinet Office for work by the Government Offices for the Office of the Third Sector.

(v) an increase in receipts of £576,383,000 offsetting increases in provision of £553,217,000 for Local Area Agreements; £2,260,000 for Ordnance Survey trading fund; £120,000 for Residential Property Tribunal Service; £1,140,000 for Adult Facing Chronic Exclusion;£250,000 for Community Empowerment £5,000,000 for Payments for Data Mapping Services; £14,861,000 for Government Offices; £1,106,000 for Central Administration other current expenditure and £206,000 for Queen Elizabeth II Conference Centre and reduction of £490,000 for Emergency Fire Service and £1,287,000 for Fire Services

(vi) a net transfer of £11,844,000 from voted to non voted provision comprising:

From voted to non-voted provision

(a) £3,100,000 from Other Growth Areas direct funding to the non-voted West Northamptonshire Urban Development Corporation budget, reflecting their role in delivering Other Growth Area projects.

(b) £10,100,000 from Thames Gateway direct funding to non voted Thurrock Urban Development Corporation (£5,000,000) and London UDC (£5,100,000) budgets for Thames Gateway projects;

(c) £2,557,000 (non cash) from the Central Administration budget to non-voted programme Departmental Unallocated Provision to offset increase in administration near cash budgets.

(d) £300,000 to non voted Housing Corporation towards the National Register of Social Housing (NROSH) project.

(e) £2,000,000 from Energy Performance Certificates to the non voted Housing Corporation budget to allow the corporation to run a programme for the Registered Social Landlords sector for issuing Energy Performance Certificates following the launch of Home Information Packs on 1 August 2007;

(f) £1,006,000 from various programmes to the non-voted Housing Corporation budget to cover the Housing Corporation's increasing pension costs through the Westminster Pension Fund;

(g) £190,000 from housing management grants to the non-voted Leasehold advisory service (LEASE) budget to enable them to meet existing commitments.

From non- voted to voted provision

(h) £7,409,000 from Departmental Unallocated Provision to voted programme comprising £1,255,000 to National Register of Social Housing to cover non cash costs; £500,000 to Coalfields Enterprise Fund to cover the cost of capital: £3,000,000 to E-planning to meet cost of capital charges and depreciation; £1,445,000 to Thames Gateway to cover previously unbudgeted non-cash costs; £143,000 to Residential Property Tribunal Service to cover unforeseen non-cash costs; £190,000 to supporting people administration to cover forecast cost of capital and depreciation charges and £876,000 to Fire Service College.

The change in the administration budget arises from a take up of End of Year Flexibility of £3,000,000 (see above section (i)) to cover the work of the central Department ; a net transfer from other Government Departments of £2,245,000 (see above section (iv)).

The change in the capital element of the DEL arises from

(vii) a take up of EYF of £241,295,000 comprising :

Programme Expenditure

(a) £4,000,000 for Thames Gateway ;

(b) £80,000,000 for Gap Funding for Large Scale Voluntary Transfers;

(c) £500,000 for Coalfield Regeneration Trust;

(d) £282,000 for European Regional Development Fund from the Invest to Save Budget;

(e) £1,500,000 for Gypsy Site Grant;

(f) £2,949,000 for Housing Market Renewal Fund;

(g) £9,500,000 for New Deal for Communities;

(h) £6,184,000 for Disabled Facilities Grant (a demand led grant);

(i) £7,000,000 for Commission for Equalities and Human Rights start up costs; money to be transferred subsequently to Government Equalities Office;

(j) £2,929,000 for Local Area Agreements;

(k) £7,000,000 as part of the floods recovery package;

(l) £80,451,000 to transfer to the Department for Culture Media and Sport in respect of the Department's contribution towards the Olympics preparation infrastructure costs;

(m) £39,000,000 for Arms Length Management organisations.

(viii) a transfer of £10,000,000 from Capital to Resource for flood recovery;

(ix) a transfer of £13,000,000 to Request for Resources (RFR1) from RFR2 and non voted provision (Local Government DEL) to support the Flood Recovery programme comprising £8,000,000 from Local Government Public Service Agreements and £5,000,000 from the non voted Commutation programme;

(x) a transfer of £87,626.000 to other Government Departments comprising

Programm e Expenditure

(a) £80,451,000 from End of Year Flexibility to the Department for Culture Media and Sport in respect of the Department's contribution towards the Olympics preparation infrastructure costs.

(b) £7,175,000 to reflect Machinery of Government Changes for the transfer of the equalities functions to Government Equalities Office.

(xi) Within the capital element of the DEL there is a net transfer of £108.482,000 from voted to non voted provision comprising ;

(a) £13,900,000 from Growth Areas direct funding to non-voted West Northamptonshire Urban Development Corporation, reflecting their role in delivering Other Growth Area projects.;

(b) £2,449,000 from Growth Areas to non-voted English Partnerships, mainly for the Bedford Western Bypass;

(c) £4,490,000 from Thames Gateway direct funding to the South East of England Development Agency (SEEDA) for Thames Gateway projects;

(d) £1,699,000 from Thames Gateway direct funding to the East of England Development Agency (EEDA) for Thames Gateway projects;

(e) £2,100,000 from Thames Gateway direct funding to non voted Housing Corporation for Thames Gateway projects;

(f) £10,704,000 from Thames Gateway direct funding to English Partnerships for Thames Gateway projects;

(g) £24,150,000 from Thames Gateway direct funding to Thurrock UDC for Thames Gateway projects;

(h) £48,990,000 from Thames Gateway direct funding to London UDC for Thames Gateway projects;

(2) The Department for Communities and Local Government (Local Government) DEL will be decreased by £11,800,000 from £22,955,916,000 to £22,944,116,000. Within the DEL change, the impact on resources and capital are as set out in the following table:

£000

	Change		*NEW DEL*		
	Voted	*Non-voted*	*Voted*	*Non-voted*	*Total*
Resource	1,700	—	22,711,011	103,854	22,814,865
Of which:					
Administration budget[1]					
Near-cash in RDEL	1,700	-575	22,711,011	103,279	22,814,290
Capital [2]	-8,000	-5,000	126,251	3,500	129,751
Depreciation[3]	—	-500	0	-500	-500
Total	-6,300	-5,500	22,837,262	106,854	22,944,116

[1] The total of 'Administration budget' and 'Near-cash in resource DEL' figures may well be greater than total resource DEL due to the definitions overlapping.
[2] Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets
[3] Depreciation, which forms part of resource DEL, is excluded from the total DEL, since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource element of the DEL arises from:

(i) a transfer of £1,700,000 to Best Value Inspection - Request for Resources (Local Government DEL - RFR2) from Fire Publicity (Main DEL - RfRl) to support Audit Commission Comprehensive Performance Assessment inspection work on Fire and Rescue Authorities.

(ii) an increase in receipts of £34,000,000 offsetting increases on expenditure comprising of £1,500,000 for Local Government on Line as contribution from the Department for Education and Skills and the Department of Health to support digital challenge; and £32,500,000 for Local Government Public Service Agreements.

The change in the capital element of the DEL arises from

(iii) a transfer of £13,000,000 from Local Government DEL to Main DEL to support the costs of the flood recovery grants comprising £8,000,000 from Local Government Public Service Agreements and £5,000,000 from the non-voted commutation budget.

CULTURE, MEDIA AND SPORT

Departmental Expenditure (Culture, Media and sport)

The Secretary of State for Culture, Media and Sport (James Purnell): Subject to Parliamentary approval of any Supplementary Estimate, the Department for Culture Media and Sport's Departmental Expenditure Limit (DEL) will be increased by £143,977,000 from £1,864,054,000 to £2,008,031,000 and the administration cost limit will increase by £5,316,000 from £50,258,000 to £55,574,000. Within the DEL change the impact on resource and capital are set out in the following table:

Departmental Expenditure Limits and Administration Budgets.

	Change		New DEL		£'000
	Voted	Non-voted	Voted	Non-voted	Total
Resource DEL	-78,837	122,298	91,691	1,515,717	1,607,408
of which:					
*Administration budget**	*5,316*		55,270		55,574
Near-cash in RDEL	*-78,837*	*122,298*	83,173	*1,335,626*	*1,418,799*
Capital**	5,685	94,831	28,997	473,356	502,353
Less Depreciation***	-	-	-5,942	-95,788	-101,730
Total	-73,152	217,129	114,746	1,893,285	2,008,031

** The total of Administration budget' and 'Near-cash in Resource DEL figures may well be greater than total resource DEL, due to the definitions overlapping.*
***Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.*
****Depreciation, which forms part of resource DEL, is excluded from total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.*

The change in the resource element of the DEL arises from:

Take up of £34,996,000 End Year flexibility: (£5,996,000) Arts Council of England; (£2,000,000) English Heritage and (£27,000,000) resource DEL cover for the London Organising Committee for the Olympic Games.

Transfers from other Government Departments of: £2,000,000 from Department for Children, Schools and Families for Strategic Commissioning; £1,000,000 from Department for International Development to UK Sport for Olympic projects; £149,000 from Ministry of Defence for the Pattern Room collection and £316,000 from Cabinet Office to cover baseline costs of the Parliamentary Council.

The administration cost limit has increased by £5,316,000 from £50,258,000 to £55,574,000. This is as a result of a transfer from Cabinet Office of £316,000 detailed above and the take up of £5,000,000 Administration End Year Flexibility.

The change in the capital element of the DEL arises from:

Take up of End-Year Flexibility of £20,000,000: (£10,000,000) for the Natural History Museum, Darwin Centre and (£10,000,000) for the Museums for agreed funding plans.

A transfer of £80,451,000 from the Department for Communities and Local Government to the Olympic Development Authority for Olympic Costs.

Grants from the Invest to Save budget of £65,000 to Sport England to fund Street Cage Soccer.

DEFENCE

Supplementary Estimates (MOD)

The Secretary of State for Defence (Des Browne): Subject to Parliamentary approval of the necessary Supplementary Estimate, the Ministry of Defence Departmental Expenditure Limits (DEL) will be increased by £2,033,379 from £33,561,172 to £35,594,551,000. Within the DEL change, the impact on Resources and Capital are as set out in the following table:

£'000

	Change		*New DEL*		
	Voted	*Non-Voted*	*Voted*	*Non-voted*	*Total*
Resource	1,889,379	-	34,437,544	283,088	34,720,632
Near-Cash in RDEL	*1,889,379*	*440,000*	*23,819,675*	*480,943*	*24,300,618*
Capital	144,000	-	7,691,626	744	7,692,370
Depreciation[1]	-	-	-6,618,451	-200,000	-6,818,451
Total	2,033,379	-	35,510,719	83,832	35,594,551

[1] Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The changes to the resource and capital elements of the DEL arise from:

the take up of normal Resource End Year Flexibility of £21,000,000 and Capital Resource End Year Flexibility of £65,000,000;

resource transfers in from the Department for Environment, Food and Rural Affairs (DEFRA) of £4,863,000 as a contribution to the National Meteorological Programme and Severe Weather Warning Service, £200,000 from the Cabinet Office in respect of future funding arrangements for the expansion of the Parliamentary Counsel Office, and £42,525,000 from the Security & Intelligence Services Agency in respect of support service funding for GCHQ;

a resource transfer out of £149,000 to the Department of Culture, Media and Sport as a contribution to the Leeds Armouries Museum Pattern Room staffing costs, and a resource transfer of £4,000,000 out to the Department of Business, Enterprise and Regulatory Reform as a contribution to the Global partnership against the spread of weapons and materials of Mass Destruction;

to use £55,000,000 of additional income that will be paid to the Consolidated Fund with a corresponding increase in Direct RDEL available to the Department;

to increase Request for Resources 2 by £1,315,000,000 Resource near cash DEL and £604,000,000 Capital DEL to reflect the costs of peace-keeping in Iraq and Afghanistan;

to transfer £70,000,000 from Voted Capital DEL to Non-Voted Near Cash Resource DEL to cover planned cash release of provision payments;

to transfer £455,000,000 Capital resource to Direct Resource within RfRI relating to Single Use Military Equipment (SUME) flexibility;

to recognise a Grant in Aid payment to the Royal Irish Benevolent Fund of £60,000 by increasing Non-Budget expenditure and reducing near cash resource DEL.

The changes to Resource DEL and Capital DEL will lead to an increased net cash requirement of £2,158,439,000.

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Departmental Expenditure (DEFRA)

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jonathan Shaw): Subject to Parliamentary approval of any necessary Supplementary Estimate, the Department for Environment, Food and Rural Affairs DEL will be increased by £11,579,000 from £3,605,014,000 to £3,616,593,000 and the Administration Budget will be increased by £108,420,000 from £285,524,000 to £393,944,000. Within the DEL change, the impact on resources and capital are as set out in the following table:

£'000

	Change		*New DEL*		
	Voted	*Non-voted*	*Voted*	*Non-voted*	*Total*
Resource	9,993	15,033	4,326,895	-1,397,925	2,928,970
of which:					
Administration Budget	*108,420*	-	*393,944*	-	*393,944*
Near-cash in RDEL	*-25,499*	*1,705*	*4,155,853*	*-1,570,927*	*2,584,926*
Capital	-17,247	-	669,395	219,510	888,905
Depreciation[1]	-20,692	24,492	-63,463	-137,819	-201,282
Total	-27,946	39,525	4,932,827	-1,316,234	3,616,593

[1]Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource element of the DEL arises from: (i) a transfer of £26,800,000 to the Department for Innovation, Universities and Skills for the BREW programme; (ii) a transfer of £7,994,000 to the Forestry Commission for Farm Woodland Schemes; (iii) a transfer of £4,039,000 administration costs to the Department for Communities and Local Government for Government Office Funding; (iv) a transfer of £2,261,000 to the Ministry of Defence for meteorological services (this is shown in the Estimate as a transfer of £4,863,000 offset by an agreed correction of £2,602,000); (v) a claim on the reserve of £22,000,000 administration costs in respect of early release/early retirement schemes; (vi) a transfer of £5,605,000 from Department for International Development for the Montreal Protocol Fund; (vii) a transfer of £359,000 administration costs from the Cabinet Office for legal services provided by the Parliamentary Counsel's Office; (viii) a take up of £250,000 from HM Treasury for the 'Start Here' project; (ix) a take up of £86,000 from HM Treasury for the Energy Efficiency Programme (£100,000 administration costs and -£14,000 programme); (x) a transfer of £37,820,000 from non-budget for the British Waterways Board cost of capital.

The change in the capital element of the DEL arises from: (i) a transfer of £17,395,000 to HM Treasury in respect of the 2006-07 overspend; (ii) a drawdown of £142,000 End Year Flexibility for Invest to Save Budget projects; (iii) a drawdown of £6,000 End Year Flexibility for capital grants Invest to Save Budget projects.

The change in the administration budget element of the DEL not explained above is due to a transfer of £90,000,000 from programme to administration, £80,000,000 in respect of professional services and £10,000,000 in respect of the outsourced IT contract.

Departmental Expenditure (Forestry Commission)

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Joan Ruddock): Subject to Parliamentary approval of any necessary Supplementary Estimate, the Forestry Commission's DEL will be increased by £10,104,000 from £82,288,000 to £92,392,000. Within the DEL change, the impact on resources and capital are as set out in the following table:

£000

	Change		*New DEL*		
	Voted	*Non-voted*	*Voted*	*Non-voted*	*Total*
Resource DEL	9,804	—	90,369	2,653	93,022
Of which:					
Administration budget[1]	—	—	—	—	—

	Change				*£000*
	Voted	*Non-voted*	*Voted*	*New DEL Non-voted*	*Total*
Near-cash in	7,304	—	66,273	2,653	68,866
RDEL Capital[2]	1,800	—	2,640	-700	1,940
Less Depreciation[3]	-1,500	—	-2,570	—	-2,570
Total	10,104	—	90,439	1,953	92,392

[1] The total of 'Administration budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.
[2] Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.
[3] Depreciation, which forms part of resource DEL, is excluded from total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource element of the DEL arises from:

a. A transfer of £7,994,000 from Department of Environment, Food and Rural Affairs, to allow the Forestry Commission to administer the Farm Woodland Premium scheme.

b. The take up of £3,610,000 end of year flexibility to meet expenditure on payment of private woodland grants, costs associated with efficiency initiatives and increased forecasts on both cost of capital and depreciation charges.

c. A transfer from resource to capital DEL of £1,800,000.

The change in the capital element of the DEL arises from:

a. A transfer from resource DEL of £1,800,000 to support capital investment of e-business systems.

Municipal Waste Policy

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Joan Ruddock): Household waste recycling has quadrupled in the last 10 years and waste is growing much less quickly than the economy. Business has also been increasing its effort to reduce the amount of packaging it puts around the products that we buy. Last month we announced proposals for increased targets for recovery and recycling of packaging for 2008-12. In 2012 we now hope overall to see producers recycling and recovering 66 per cent. of all paper and 65 per cent. of all glass packaging.

But we need to do more. Methane emissions from biodegradable waste in landfill count for about 3 per cent. of UK greenhouse gas emissions. We still lag behind much of mainland Europe in recycling and we will face EU fines if we exceed landfill limits.

In May, we announced a revised Waste Strategy for England. It set out new ways for us all to reduce, reuse and recycle our waste for the sake of the environment. Incentives appeared as part of that strategy and we consulted on possible schemes to help local authorities influence residents' behaviour at a local level. These schemes were similar to those that had been successful in both Europe and in North America. The UK is currently the only EU15 country that prevents authorities from trialling or putting in place these type of incentives schemes. The Local Government Association and local authorities from across the political spectrum have called for powers to introduce similar schemes.

Following on from the consultation, we announced in the Climate Change Bill Command Paper that we would provide in the Bill a power for a small number of local authorities to pilot incentives for household waste minimisation and recycling. I am today announcing the detail of these proposals, which for the first time will mean that authorities will be able both positively to reward those who recycle and charge those who do not.

A maximum of five local authorities will be granted permission to pilot the schemes. Councils will be able to come forward with schemes to fit local circumstances but they will have to be approved by my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs, and will need to be consistent with the framework set out in legislation. This approach will allow us to monitor the impacts of the pilots and report back to Parliament before a decision is made whether to roll them out more widely. Parliament would have a say in any final decision.

The framework covers a range of issues. First of all, since we are keen to avoid placing additional burdens on local residents, it says that if the authority collects any revenue through a scheme this must be returned to residents so residents as a whole will not be paying more. To further reduce the burden on both the public and local authorities, we are also enabling authorities to pay back rebates, and collect any payments, through Council Tax, should they wish to do so.

We have also built in further simple checks and balances to help ensure the right level of public protection. These are not about restricting local authorities' behaviour, as we continue to believe that they are in the best position to understand what is right for their area. Instead they are about helping the public to understand better what they might expect to see in a pilot scheme regardless of where they are in the country. For example, pilots could only be introduced where there was a good kerbside recycling service in place, and we ask that authorities take account in their plans of the needs of, or impacts on, potentially disadvantaged groups - for example young families. We also think that it is sensible for pilot authorities to review their policies for tackling flytipping, and to have a flytipping prevention strategy in place. Evidence from other countries where financial incentives schemes operate suggests that an increase in fly tipping is not an automatic consequence of introducing them, but having a strategy in place is good common sense. Government intend to retain a reserved power to create a cap in the future on the level of incentive, should this be necessary. We consider that this power provides a further protection for households.

Climate Change means that each of us needs to look at what we currently do and think hard about what more we could do both inside and outside the home.

This includes working together to reduce the amount of waste we generate. Our plan for incentives for waste fits into this.

To support this work on guidance and pilots, the Government will be making £1.5 million available every year for the next three years.

Copies of the summary of consultation responses and impact assessment have been placed in the Libraries of both Houses. The documents are also available on the website of the Department for Environment, Food and Rural Affairs at: www.defra.gov.uk.

FOREIGN AND COMMONWEALTH OFFICE

General Affairs and External Relations Council

The Minister for Europe (Mr. Jim Murphy): The General Affairs and External Relations Council (GAERC) will be held on 19-20 November in Brussels. I will represent the UK at the Foreign Ministers discussions. My right hon. Friend the Secretary of State for Defence and My right hon. Friend the Secretary of State for International Development will attend the Defence and Development Ministers' discussions.

The agenda items are as follows:

FOREIGN MINISTERS

General Affairs

Preparation of the European Council on 13-14 December

The Council is expected to discuss the draft annotated agenda for the European Council in December on 13-14 December. My right hon. Friend the Prime Minister explained to Parliament on 22 October the priority for the EU now must be the global challenges we face: employment, prosperity, competitiveness, climate change, and security. The Government look forward to the European Council addressing these issues when they meet next month.

Maritime Policy

The Commission is expected to brief the Council on maritime policy. The Government consider it important to maintain and promote the competitiveness of the EU maritime sector as part of the Lisbon Agenda.

Commission Legislative Work Programme 2008

The Council is expected to discuss the Commission Legislative Work Programme 2008, which the Government welcome, given its focus on delivering results, better regulation, tackling climate change, and promoting jobs and growth.

External Relations

Preparation of the EU Summits with China and India

The Council is expected to discuss preparation for the EU Summits with China and India on 28 and 30 November respectively. The Government want the Joint Statements for the Summits to cover climate security, including a commitment to work towards a low carbon future and a successful outcome at the UN climate change Conference in Bali, 3-14 December 2007. The Government will also want the Summits to discuss Burma and to encourage all neighbours to bring their influence to bear on contributing towards a democratic and stable Burma.

Preparation of the EU Summit with Africa

The Council is expected to discuss preparation for the EU Summit with Africa on 8 December including the endorsement of the EU Africa Joint Strategy and the Action Plan, which the Government support, and discussion of governance and human rights issues at the Summit. The Government will argue for a substantive discussion of these issues, including the situation in Zimbabwe.

Pakistan

The Council is expected to discuss the State of Emergency in Pakistan. The Government believe it is important the EU maintains pressure on President Musharraf to restore the Constitution, as set out in the EU Declaration of 6 November.

Middle East

The Council is expected to discuss an Action Plan outlining ways the EU can provide further practical support to the Middle East Peace Process, which the Government welcome. The Council is expected to adopt Conclusions highlighting support for the Annapolis meeting in late November.

The Council is expected to discuss Lebanon in light of political tensions surrounding the forthcoming Presidential elections.

Iran

High Representative for the Common Foreign and Security Policy, Javier Solana, is expected to brief the Council on his contacts with the Iranian authorities, and his report to E3+3 Ministers (Germany, France, UK, China, Russia and the US), which we expect him to deliver before the GAERC. Ministers are expected to reaffirm the commitment they made at the October GAERC to consider, after recommendations from Working Groups, the further steps the EU can take to support the agreed twin track international approach to the Iranian nuclear issue. The Government believe it is crucial that Iran complies with its international obligations and the twin track approach is the best way to achieve this goal.

Iraq

The Council is expected to discuss EU engagement with Iraq. The Government welcome discussion of the EU's financial, technical and political support towards a secure and stable Iraq. It also welcomes Foreign Minister Zebari's invitation to the Council and the opportunity this presents for the EU to step up its engagement.

Western Balkans

Ambassador Wolfgang Ischinger is expected to brief the Council on progress in talks between the Troika (EU, Russia and US) and Belgrade and Pristina to secure a negotiated settlement on the status of Kosovo. The Council is likely to adopt Conclusions reaffirming its support for ongoing efforts by the Troika to reach agreement on a status settlement in Kosovo and reiterating its support for High Representative Miroslav Lajcak in

advancing key reforms in Bosnia. The Government fully support the efforts by the Troika to find agreement, but will emphasise the importance of the EU being prepared to act in the event agreement is not possible by December 10.

Georgia

The Council is expected to discuss recent events in Georgia. The Government welcome this discussion, given the recent developments, including the declaration of a State of Emergency by President Saakashvili in Georgia.

JOINT SESSION OF FOREIGN MINISTERS AND DEFENCE MINISTERS

European Security and Defence Policy Conclusions

The Council is expected to adopt Conclusions under the European Security and Defence Policy (ESDP) on current operations and missions, capability development including the European Defence Agency, Human Rights Issues and cooperation between the EU and the African Union in Strengthening African Capabilities.

Chad/Sudan-Darfur

The Council is expected to discuss the upcoming EU mission to Chad / Central African Republic, including Force Generation for the mission. The Council is also expected to discuss the security situation in Sudan/ Darfur, drawing on the ESDP Council Conclusions reaffirming the EU's support for ongoing efforts by the UN and African Union to resolve the conflict in Darfur and welcoming the forthcoming deployment of UN AMID, the UN/African Union Hybrid Mission in Darfur. The Government welcome the Conclusions, strongly supporting the need for a comprehensive and regional approach.

DEFENCE MINISTERS

European Defence Agency

The Head of the European Defence Agency (EDA), Alexander Weis, will brief the Council on the Agency's activities in 2007, before discussing the Agency's agenda in 2008.

The EDA Steering Board also meets on 19 November and is expected to agree the Agency's 2008 Work Programme. Ministers will also discuss the European Defence Research and Technology Strategy Framework and the Agency's benchmarks.

Operation EUFOR ALTHEA (Bosnia-Herzegovina)

The political situation in Bosnia and Herzegovina (BiH) has deteriorated over the last year, leading the EU to postpone signature of BiH's Stabilisation and Association Agreement (the first of many steps towards EU membership) in October 2007, following the collapse of police reform talks. The Government believe the EU and the international community should continue to encourage leaders in Bosnia to exercise restraint and to continue to engage in dialogue with each other and with the High Representative.

The Council is expected to discuss EUFOR Althea, the EU military peacekeeping operation in Bosnia-Herzegovina, in light of these recent political developments. The Government support EUFOR remaining at current levels during this period of uncertainty.

Military Capabilities

The Council will be briefed on the Headline Goal Progress Catalogue. This represents the finalisation of four years' of work from first instigation of the Headline Goal 2010 through the production of the Requirements Catalogue in 2005, the bidding stage in 2006 and finally the complex analysis of the shortfalls and risks that has been undertaken by the EU Military Staff and Headline-Goal Task Force managed by successive Presidencies. The Government want EU Member States to focus on how to prioritise these shortfalls and decide where to invest resources. We will call for further consultation and cooperation with NATO and for work on improving the EU's Intra-Theatre Transport capability.

The High Representative for the Common Foreign and Security Policy, Javier Solana, will present a paper identifying possible areas of improving EU Military Staff in early planning capability.

JOINT SESSION OF DEVELOPMENT AND DEFENCE MINISTERS

Development and Security

The Council will adopt Conclusions on Development and Security in four areas: Strategic Planning, Security Sector Reform, the EU-Africa partnership on Security and Development and Humanitarian Aid. The Government support the ongoing process in the EU to reinforce the Security-Development nexus and will focus on ensuring delivery of an implementation plan and call for follow up during successive Presidencies.

DEVELOPMENT MINISTERS

Orientation debate on the effectiveness of EU external action

The Council is expected to focus on the Africa-EU Strategic Partnership and action plans in advance of the EU Africa Summit on 8 December. Ministers will discuss the consequences and impacts of the strategy on EU external action, on the basis of a Presidency paper. The Government will push for agreement of the strategy and action plans and continues to push for action on Millennium Development Goals, climate change and peace and security. We expect Member States to be supportive of the strategic partnership and its goals, and to commit to implementation of the strategy.

Towards an EU response to situations of fragility

The Council will adopt Conclusions on the development of an EU policy and improved practices on the situation of Fragile States. The EU's response to fragile situations is critical as fragile states pose a great challenge, both in terms of the achievement of the Millennium Development Goals and in terms of global and regional security. The Government support the implementation of the measures proposed in the Commission's communication to increase coordination and coherence.

Policy coherence for development

The Council is expected to adopt Conclusions on policy coherence for development, including on climate change and migration. The discussion is expected to focus on the launch of the EU's first two-yearly report, reporting on the extent to which EU Member States have fulfilled their commitments to integrate development concerns within broader policymaking and highlighting key outstanding issues for the next reporting period.

Economic Partnership Agreements (EPAs)

The Council will discuss the Commission's Communication on Economic Partnership Agreements. The core of the Commission's strategy is to agree goods-only agreements this year ahead of the deadline on the 1 January before returning to services and other trade related areas in the future. The Government want

to ensure that EPAs deliver on their development potential. The Government will also want to make clear that the African Caribbean and Pacific countries should not be bound to taking commitments on non-goods issues. It is their choice to negotiate on those elements.

Advancing Agriculture in Africa

The Council is expected to discuss the Advancing African Agriculture Strategy proposal for continental and regional-level cooperation on agricultural development in Africa, which the Government support. A better aligned and coherent EU response will help Africa to achieve its goal of agricultural-led growth, a more predictable response to dealing with hunger, and be better equipped to respond to the challenges presented by climate change.

Partnership with Cape Verde

The Council is expected to discuss a Partnership between the EU and the Republic of Cape Verde, a small Portuguese speaking island off the coast of West Africa. In line with the Cotonou Agreement this anticipates that Cape Verde will become a partner in increased police and judicial cooperation with Europe.

AOB: Ratification on the Cotonou Partnership Agreement

EU Member States need to ratify the revised EU's Partnership Agreement with African, Caribbean and Pacific (ACP) States (known as the 'Cotonou Agreement') and the 10th European Development Fund (EDF), by the end of 2007 in order for both to come into effect. Member States who have not already done so will be encouraged to conclude their ratification processes as soon as possible. The Government completed their ratification process in September.

Departmental Expenditure

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Meg Munn): Subject to Parliamentary approval of any necessary Supplementary Estimate, the Foreign and Commonwealth Office Departmental Expenditure Limit (DEL) will be increased by £48,122,000 from £1,840,333,000 to £1,888,455,000. The administration budget will be increased by £14,000 from £870,046,000 to £870,060,000. Within the DEL change, the impact on resources and capital are as set out in the following table:

£000	*Change*		*New DEL*		
	Voted	*Non-Voted*	*Voted*	*Non-Voted*	*Total*
Resource	30,122	-17,000	1,811,464	10,862	1,822,326
Of which:					
Administration budget *	17,014	-17,000	870,060	—	870,060
Near-cash in Resource DEL	30,122	-17,000	1,654,745	10,862	1,665,607
Capital**	36,000	-1,000	182,753	—	182,753
Depreciation***	—	—	116,624	—	-116,624
Total	66,122	-18,000	1,877,593	10,862	1,888,455

*The total of 'Administration budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.
**Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.
***Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource element of the DEL arises from:

Request for Resources 1

Administration

I. £14,000 transfer of Administration Budget from Cabinet Office in respect of the Privy Council Office.

Programme

I. Take up of £22,000,000 other current End Year Flexibility for departmental restructuring.

II. Transfer of £7,000,000 other current expenditure to Home Office for the Border and Immigration Office.

III. Transfer of £5,300,000 Programme expenditure to the Security and Intelligence Agencies to cover expansion and capability.

IV. A £3,407,000 claim on the DEL Reserve of in respect of Emergency Disaster Relief.

Neutral Changes

I. Increased other current expenditure of £60,000,000, fully offset by income, for Consular and Visa Work.

II. Increased other current expenditure of £2,830,000, fully offset by income, in respect of anti-narcotics work.

Capital

I. Take up of £35,000,000 End Year Flexibility in respect of the FCO estate.

Request for Resources 2

Programme

II. Transfer of £3,000,000 from DFID in respect of Conflict Prevention operations in Afghanistan.

II. Transfer of £3,000,000 Programme expenditure to Security and Intelligence Agencies to cover expansion and capability.

HEALTH

Health Service Provision

The Secretary of State for Health (Alan Johnson): The Independent Sector is playing an important and increasing role within the NHS, providing high quality treatment and choice for patients, and innovation,

dynamism and contestability for existing National Health Service providers. Alongside the hard work of staff in every organisation, the use of the independent sector is an integral part of our success in delivering dramatic falls in waiting times for patients.

That is why we have taken a number of measures to make better use of the independent sector:

In the first wave of the independent sector treatment centre (ISTC)programme we established 23 fixed site ISTCs, a mobile ophthalmology service, a mobile MRI scanning service, a chlamydia screening service and six walk-in centres. This investment worth over £1.4 billion has provided nearly 800,000 elective procedures, diagnostic assessments and episodes of primary care to NHS patients and is helping to reduce waiting times in those areas. I am today providing further information on each first wave scheme, including the contract value, volume of activity, case mix by volume and utilisation rates, and in future this data will be published annually.

There has been rapid growth in patients choosing to be referred to the 129 independent sector hospitals currently registered under the Extended Choice scheme. The value of activity has doubled in the last month alone. From April 2008, all patients referred for an elective procedure will be able to choose to go to any hospital in England which meets NHS standards and price. This already applies for orthopaedics and from December will cover general surgery, gynaecology and cardiology.

We are procuring additional GP services through the Fairness in Primary Care initiative from a range of providers including the independent sector, and as announced last month we will be inviting bidders for further primary care contracts as we roll out new GP-led health centres and extra GP surgeries in deprived areas. In addition, we are offering primary care trusts the opportunity to use independent sector expertise in developing their commissioning function.

As I said to the Health Select Committee in July, independent sector procurement will have to meet the local needs of patients and offer sound value for money for taxpayers. Where it meets these requirements we will increase the role of the independent sector in the provision of NHS services.

The Department has therefore undertaken a thorough revalidation of all the schemes currently being procured nationally through the ISTC programme to ensure they meet these objectives.

The Director General of the Commercial Directorate has advised that I proceed with the procurement of the following schemes:

PET CT North Diagnostics (additional CT scans);

PET CT South Diagnostics (additional CT scans);

Renal (provision of dialysis treatment);

Hampshire and Isle of Wight Electives (Southampton element);

Greater Manchester (B) Clinical Assessment and Treatment Services;

Avon, Gloucestershire and Wiltshire Electives;

Essex Electives;

Hertfordshire Electives;

Greater Manchester (A) Clinical Assessment and Treatment Services; and

London North Electives.

I am pleased to announce that three of these: PET-CT North, PET-CT South and the Renal scheme have been approved to move to financial close. The Department will conclude decisions on the remaining schemes no later than the end of March 2008.

However the director general has concluded that the following schemes should not proceed as they were unlikely to provide acceptable value for money as the local NHS has successfully improved capacity to meet patients' needs. These are:

North East Yorkshire and North Lincolnshire Referral Assessment Diagnostics and Treatment Service;

North East Diagnostics;

South East Diagnostics;

Norfolk, Suffolk and Cambridge Electives;

Cumbria and Lancashire Clinical Assessment and Treatment Service; and

Hampshire and Isle of Wight Electives (Lymington element).

In addition, the Director General has advised that the contract with Care UK for the provision of diagnostic services in the West Midlands should be terminated because of an unacceptably low rate of use (5 per cent. utilisation to date), and a very low prospect of the utilisation increasing which represents poor value for money to the taxpayer. In short, a significant increase in productivity by local NHS providers has substantially reduced the need for the capacity provided by this scheme with waiting times for most diagnostics reduced from more than one year to currently three weeks on average.

The reduction in the overall size of the procurement does not represent a change in policy. As I have stated before, we will continue to use the independent sector. However, as I said to the Health Select Committee, we will now move towards greater local procurement of services. This will enable primary care trusts to take procurement decisions quickly on behalf of their patients rather than waiting for a prolonged process run from Whitehall. We believe this will be a more effective route for increasing the quality of the role which the independent sector is able to provide in the NHS.

To support this move I am announcing today the establishment of an Independent Sector Procurement Forum as a means for Independent and Third Sector providers to advise the Department on policies and practices related to local procurement of clinical services in order to ensure a level playing field.

The forum will draw on a range of expertise and experience, including Ivan Bradbury of In Health Netcare and Sir Ian Carruthers of the South West Strategic Health Authority.

The forum will be advisory and act as a channel for the market to communicate and advise the Department on PCT procurement policies and practices.

We remain committed to choice, to empower patients and drive improvements in the quality of care. For choice to be truly effective, and for all providers to be able to compete fairly, it is essential that all patients are aware that they can now choose the hospital they are referred to. In the run up to the start of free choice, we will raise public awareness of choice through, for example, NHS Choices and other means, as well as encouraging local providers to inform patients about the local choices available to them, and publishing a Code of Promotion to help guide them in this.

To ensure fairness we will also,

publish clear competition principles and simple rules for commissioners and providers to apply consistently for all

those that provide services on behalf of the NHS, including social enterprise and third sector organisations as well as the independent sector;

establish a competition panel to provide independent advice on competition issues to SHAs, which they would be excepted to follow working closely with their PCTs. The panel will only consider issues where action to resolve issues have been exhausted; and

seek to open up membership of the Clinical Negligence Scheme for Trusts (CNST) to many non-NHS providers of NHS care.

Our approach to the Independent Sector is pragmatic not ideological. Where independent sector providers offer good value for money, innovation, and high quality patient care, we will continue to bring them in to work as part of the family of NHS providers.

Departmental Expenditure (Food Standards Agency)

The Minister of State, Department of Health (Dawn Primarolo): Subject to the necessary Supplementary Estimate, the Food Standards Agency's element of the Departmental Expenditure Limit (DEL) will be increased by £9,800,000 from £144,539,000 to £154,339,000 and the Administration Cost Limit will be increased by £4,100,000 from £52,415,000 to £56,515,000. The net cash requirement will also increase by £18,800,000 from £141,731,000 to £160,531,000 as a result of the £9,800,000 change in net total resources and additional £9,000,000 cash required to fund an expected decrease in creditors. The impact on resource and capital are set out in the following table.

		New DEL		
	Change	*Voted*	*Non-Voted*	*Total*
Food Standards Agency	£ million	£ million	£ million	£ million
Resources	8.500	152.392	0	152.392
Capital	1.300	1.947	0	1.947
Total Food Standards Agency DEL	9.800	154.339	0	154.339
Depreciation*	0	-2.004	0	-2.004
Total Food Standards Agency spending (after adjustment)	9.800	152.335	0	152.335

* Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The increase in net total resources and capital is by a take up of End Year Flexibility (EYF) of £9,800,000. Of this £4,100,000 is an increase in near cash administration costs, which will be used to fund restructuring of the Food Standards Agency's headquarters operations and related accommodation and support services costs. Near cash programme costs increase by £4,400,000 to assist with the restructuring of the Meat Hygiene Service. The balance of £1,300,000 is an increase in capital and will be used to fund an increased investment in IT hardware and infrastructure. All of these measures will help to deliver the efficiency savings required as part of the CSR settlement.

As a result of the change to net total resources, capital and the additional £9,000,000 cash required to fund the decrease in creditors, the net cash requirement will increase by £18,800,000.

RFR1

Following the machinery of government changes a transfer of £19,932,000 from the BERR, a net receipt transfer of £456,700,000 from the DCSF.

A technical movement of £281,970,000 from non-voted capital DEL to offset original receipt for Science, Research Innovation Fund, included as part of the DCSF MOG transfers.

RFR2

Following the machinery of government changes a transfer of £299,000,000 from the BERR.

A technical movement of £281,970,000 to non-voted capital DEL to the Higher Education Funding Council for England (HEFCE) for the Science, Research Innovation Fund.

A transfer of £32,391,000 from BERR voted capital for Science Research Investment Fund.

A drawdown of EYF of £11,969,000 for capital Science and Research Investment Fund.

Non-voted Capital DEL

The £2,064,140,000 increase in the non-voted element of capital DEL arises from:

Following the machinery of government changes a transfer of £395,569,000 from the BERR, a transfer of £1,622,962,000 from the DCSF.

A transfer of £45,609,000 from the BERR for capital provision associated with the Research councils.

Administration Cost Budget

RfRl

Following the machinery of government changes a transfer of £14,690,000 from the BERR, a transfer of £43,450,000 from the DCSF.

A classification of £5,200,000 from programme provision to administration in relation to consultancy costs.

RfR2

Following the machinery of government changes a transfer of £8,500,000 from the BERR.

HOME DEPARTMENT

Supplementary Estimate (Home Office)

The Secretary of State for the Home Department (Jacqui Smith): Subject to Parliamentary approval of the necessary Supplementary Estimate, the Home Office's Departmental Expenditure Limit for 2007-08 will be reduced by £5,219,311,000, from £14,467,130,000 to £9,247,819,000 and the Administration Budget will be reduced by £204,151,000, from £618,291,000 to £414,140,000.

Within the DEL change, the impact on Resources and Capital are as set out in the following table:

£000

	Change		New DEL		
	Voted	*Non-voted*	*Voted*	*Non-voted*	*Total*
Resource DEL	-3,239,669	-1,622,375	7,944,143	718,769	8,662,912
Of which:					
Administration budget[1]	-168.151	-36,000	390,098	24,042	414,140
Near-Cash in RDEL1	-2,804,714	-1,636,592	7,825,226	667,764	8,492,990
Capital[2]	-555,144	-20,095	460,955	291,507	752,462
Less Depreciation[3]	215,422	2,550	-115,470	-52,085	-167,555
Total	-3,579,391	-1,639,920	8,289,628	958,191	9,247,819

[1] The total of the 'Administration Budget' and 'Near-Cash in Resource DEL' figures may ^ell be greater than total resource DEL, due to the definitions overlapping.
[2] Capital DEL includes items treated as resource in Estimates and accounts but -which are treated as Capital DEL in budgets.
[3] Depreciation, which forms part of resource DEL, is excluded from total DEL since Capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource element of the DEL arises from:

£000

Sections = relevant Section of the Home Office 200708 Winter Supplementary Estimate		*Of which:*	
		near-cash	*Admin*
Total			
comprising:	- 4,862,044	- 4,441,306	- 204,151
Take up of End-Year Flexibility:	150,000	150,000	0
Programme near-cash to increase National Offender Management Service ("NOMS") HQ (Section G) budget to that agreed between the Home Office and the Ministry of Justice as part of the machinery of government changes.	80,000	80,000	—
Programme near-cash to Counter Terrorism and Intelligence Grants (Section Q) to meet strategic objective 1. 'Help people feel secure in their homes and local communities'.	46,000	46,000	—
Programme near-cash to meet Office of Security and Counter Terrorism's (Section D) strategic objective to protect the public from terrorism.	24,000	24,000	—
DEL Reserve claims:	30,000	30,000	0
Programme near-cash to NOMS HQ (Section G) for additional prison estate funding.	30,000	30,000	—
Machinery of Government changes	-5,017,143	-4,616,405	-188,265
On 29th March 2007, the Prime Minister announced that the functions and support costs comprising the National Offender Management Service and the Office for Criminal Justice Reform ("OCJR") would transfer to the newly formed Ministry of Justice with effect from 9th May 2007. Details of the Resource DEL transfers are set out below:			
NOMS voted DEL, of which:	-3,374,648	-2,932,988	-160,053
NOMS HQ (Section G)	-1,083,719	- 693,336	-79,718
Prisons - Private Sector (Section H)	-248,029	-224,309	- 1,078
Prisons — Public Sector (Section I)	-1,985,192	- 1,958,09	- 75,000
Probation HQ (Section J)	-57,708	- 57.251	- 4,257
NOMS non-voted DEL	-1,271,124	-1,281,224	0
Of which:			
National Probation Service local area boards (Section AA)	-858,541	-858,541	0
Parole Board (Section Z)	-7,789	-7,789	0
Youth Justice Board (Section AB)	-404,794	-400,794	0
Prisons - Public Sector (Section I)	0	- 14,100	0
OCJR voted DEL, Of which:	-130,972	-115,107	-18,903
Criminal Justice Reform (Section F)	-130,972	-115,107	-18,903
OCJR non- voted DEL, Of which:	-205,863	-252,550	0
Criminal Cases Review Commission (Section AD)	-7,274	-6,761	0

£000

Sections = relevant Section of the Home Office 200708 Winter Supplementary Estimate		*Of which: near-cash*	*Admin*
Criminal Injuries Compensation Authority (Section AC)	-198,589	-245,789	0
Central Corporate Services voted DEL	-8,936	-8,936	-7,909
Of which:	-8,936	-8,936	-7,909
Central Services (Section M)			
The Respect Task Force transferred to the newly created Department for Children, Schools and Families with effect from the 28th June 2007. Details of the Resource DEL transfers are set out below:			
Central Corporate Services voted DEL	-25,600	-25,600	-1,400
Of which:			
Central Services (Section M)	-10,887	-10,887	-1,400
Other Grants (Section T)	-14,713	-14,713	0
Transfers from other Government Departments	5,114	5,114	3,114
Admin near-cash from the Cabinet Office to Central Service (Section M) for expansion of the Parliamentary Counsel Office.	1,610	1,610	1,610
Admin near-cash from the Cabinet Office to Counter Terrorism and Intelligence (Section D) for staff transferring to the Office for Security and Counter Terrorism.	104	104	104
Admin near-cash from the Ministry of Justice to Central Services (Section M) for the general arm of the shared property service.	1,400	1,400	1,400
Programme near-cash from the Department for International Development to the Border and Immigration Agency (Section K) to help failed asylum seekers resettle in their own country.	1,000	1,000	0
Programme near-cash from HM Revenue and Customs for additional agreed funding for the Serious Organised Crime Agency (Section X).	1,000	1,000	0
Transfers to other Government Departments:	- 30,015	- 30,015	0
Programme near-cash from Police (Section A) to the Ministry of Justice representing a transfer of Criminal Justice System IT (CJSIT) ring fenced funds.	- 28,358	- 28,358	0
Programme near-cash from Crime Reduction (Section B) to the Ministry of Justice for the additional costs of implementing the provisions of the Violent Crime Reduction Act.	- 1,561	- 1,561	0
Programme near-cash from Crime Reduction (Section B) to the Crown Prosecution Service for the additional costs of implementing the provisions of the Violent Crime Reduction Act.	-96	-96	0
Classification changes:	0	0	- 19,000
Switch from admin to programme non cash (£19,000,000)	0	0	- 19,000
Planning round changes:			
Planning round changes are in two parts; changes made to reflect the delegated budgets prior to the machinery of Government (MOG) changes and mid year review changes to reflect the Department's changing priorities post MOG.			
Planning round prior to MOG:			
Police (Section A)	27,181	27,181	166
Counter Terrorism and Intelligence (Section D)	-6,034	-4,434	0
Drugs (Section E)	52,490	52,490	0
Criminal Justice Reform (Section F)	26,123	26,596	0
NOS HQ (Section G)	-37,541	-43,941	2,794
Prisons - Private Sector (Section H)	-729	-729	0
Prisons - Pubic Sector (Section I)	50,595	32,695	-2,960
Border and Immigration Agency (Section K)	-17,990	-18,300	0
Central Services (Section M)	- 4,963	- 4,996	9,000
Police Grants (Section O)	-60,934	-60,934	0
Other Grants (Section T)	13,963	13,963	0
Criminal Injuries Compensation Authority (Section AC)	-23,460	20,000	0
National Probation Service local area boards (Section AA)	6,780	6,780	0
Office of the Immigration Service Commissioner (Section AE)	590	700	0
Parole Board (Section Z)	1,300	1,300	0
Youth Justice Board (Section AB)	-18,371	-19,371	0
Departmental Unallocated Provision	-9,000	-9,000	-9,000

Sections = relevant Section of the Home Office 200708 Winter Supplementary Estimate		*Of which:*	*£000*
		near-cash	*Admin*
Mid-year review post MOG:			
Police (Section A)	17,000	17,000	0
Counter Terrorism and Intelligence (Section D)	-10,000	-7,000	5,000
Border and Immigration Agency (Section K)	20,000	20,000	0
Identity and Passport Service (Section L)		-22,000	19,000
Central Services (Section M)	-2,000	17,000	-2,000
Recovered asset CFERs	-14,000	-14,000	0
Departmental Unallocated Provision	-11,000	-11,000	-22,000

The change in the capital element of the DEL arises from:

Sections = relevant Section of the Home Office 200708 Winter Supplementary Estimate	*£000* *Capital*
Total	
comprising:	-575,239
Machinery of Government changes	- 560,439
On 29th March 2007, the Prime Minister announced that the functions and support costs comprising the National Offender Management Service (NOMS) and the Office for Criminal Justice Reform (OCJR) would transfer to the newly formed Ministry of Justice with effect from 9th May 2007. Details of the capital DEL transfers are set out below:	
NOMS voted DEL	
Of which:	
NOMS HQ (Section G)	- 474,799
Prisons - Public Sector (Section I)	- 16,304
Probation HQ (Section J)	- 1,800
NOMS non-voted DEL	
Of which:	
Youth Justice Board (Section AB)	-20,000
OCJR voted DEL:	
Of which:	
Criminal Justice Reform (Section F)	-37,441
OCJR non-voted DEL	
Of which:	
Criminal Case s Review Commission (Section AD)	-95
Central Corporate Services voted DEL	
Of which:	
Central Service (Section M)	-10,000
Transfers to other Government Departments:	- 14,800
Capital grants from Police (Section A) to the Ministry of Justice representing a transfer of CJSIT ring fenced funds.	- 12,200
Capital from Central Services (Section M) to the Ministry of Justice representing a contribution towards building improvement works at a shared service centre.	- 2,600
Planning round changes:	
Planning round changes made to reflect the delegated budgets prior to the MOG changes:	
Criminal Justice Reform (Section F)	575
NOMSHQ (Section G)	44,296

Sections = relevant Section of the Home Office 200708 Winter Supplementary Estimate	*£000 Capital*
Prisons - Public Sector (Section I)	304
Probation HQ (Section J)	1,100
Border and Immigration Agency (Section K)	31,485
Identity and Passport Agency (Section L)	-73,700
Central Services (Section M)	6,000
Police Grants (Section O)	- 10,000

INNOVATION, UNIVERSITIES AND SKILLS

Departmental Expenditure (DIUS)

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): Subject to Parliamentary approval of any necessary New Estimate, the Department for Innovation, Universities and Skills Departmental Expenditure Limit (DEL) will be £18,087,949,000 and the administration cost budget will be £71,840,000.

Within the DEL, the impact on resources and capital are as set out in the following table:

	DEL		*£'000*
	Voted	*Non-Voted*	*Total*
Resource DEL	-3,742,948	19,860,165	16,117,217
Of which :			
Administration budget[1]	*71,840*	*0*	*71,840*
Near Cash in Resource DEL	*-5,175,121*	*19,713,429*	*14,538,308*
Capital DEL[2]	-93,408	2,064,140	1,970,732
Less Depreciation [3]	- 4,567	-128,757	-133,324
Total DEL	-3,840,923	21,795,548	17,954,625

[1]The total of 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.
[2]Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.
[3]Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

Resource DEL

The increase in the resource element of the DEL of £16,117,217,000 arises from a decrease in the voted element of the resource DEL of £3,742,948,000 and an increase of £19,860,165,000 in the non-voted element of resource DEL mainly in the Department's non-departmental public bodies.

Voted Resource DEL

The £3,742,948,000 decrease in the voted element of the resource DEL arises from:

RFR1

Following the machinery of government (MOG) changes a transfer of £334,202,000 from the Department for Business, Enterprise arid Regulatory Reform (BERR), a net receipt transfer of £4,297,101,000 from the Department for Children, Schools and Families (DCSF).

A movement to non-voted Department Unallocated Provision of £12,000,000.

A technical movement of £81,706,000 from non-voted resource DEL to offset original receipt for Higher Education Investment Fund, included as part of the DCSF MOG transfers.

A technical movement of £301,000 from non-voted resource DEL to amend depreciation and cost of capital totals to agreed Comprehensive Spending Review (CSR) limits.

A transfer from the Department for Environment, Food and Rural Affairs of £26,800,000 in respect of the Business Resource Efficiency Waste Programme.

A transfer of £6,270,000 from the Ministry of Justice for prisoner education costs.

A transfer of £230,000 to the Ministry of Justice for PICTA.

RFR2

Following the machinery of government changes a transfer of £202,104,000 from the BERR.

A technical movement of £85,000,000 to non-voted resource DEL to the Higher Education Funding Council for England (HEFCE) for the Higher Education Investment Fund.

Non-voted resource DEL

Following the machinery of government changes a transfer of £2,586,368,000 from the BERR, a transfer of £17,247,858,000 from the DCSF.

A movement from voted resource DEL to Department Unallocated Provision of £12,000,000.

A technical movement of £301,000 to voted resource DEL to amend depreciation and cost of capital totals to agreed Comprehensive Spending Review (CSR) limits.

A technical movement of £3,294,000 from voted resource DEL for the Higher Education Funding Council for England (HEFCE) for the Higher Education Investment Fund.

The take up of end year flexibility of £10,946,000 to cover non-cash provision associated with the Research Councils.

Capital DEL

The increase in the capital element of the DEL of £1,970,732,000 arises from a £93,408,000 decrease in the voted element of capital DEL and an increase of £2,064,140,000 in the non-voted element of capital DEL.

Voted Capital DEL

The £93,408,000 decrease in the voted element of the capital DEL arises from:

RFR1

Following the machinery of government changes a transfer of £19,932,000 from the BERR, a net receipt transfer of £456,700,000 from the DCSF.

A technical movement of £281,970,000 from non-voted capital DEL to offset original receipt for Science, Research Innovation Fund, included as part of the DCSF MOG transfers.

RFR2

Following the machinery of government changes a transfer of £299,000,000 from the BERR.

A technical movement of £281,970,000 to non-voted capital DEL to the Higher Education Funding Council for England (HEFCE) for the Science, Research Innovation Fund.

A transfer of £32,391,000 from BERR voted capital for Science Research Investment Fund.

A drawdown of EYF of £11,969,000 for capital Science and Research Investment Fund.

Non-voted Capital DEL

The £2,064,140,000 increase in the non-voted element of capital DEL arises from:

Following the machinery of government changes a transfer of £395,569,000 from the BERR, a transfer of £1,622,962,000 from the DCSF.

A transfer of £45,609,000 from the BERR for capital provision associated with the Research councils.

Administration Cost Budget

RfRl

Following the machinery of government changes a transfer of £14,690,000 from the BERR, a transfer of £43,450,000 from the DCSF.

A reclassification of £5,200,000 from programme provision to administration in relation to consultancy costs.

RfR2

Following the machinery of government changes a transfer of £8,500,000 from the BERR.

EU Education Council

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): Lord Triesman will attend the Education Council on 15 November, representing both DIUS and DCSF interests. The agenda items are as follows:

Education

Ministers are expected to reach political agreement on the proposed European Qualifications Framework, following amendments agreed with the European Parliament. These amendments are in line with the General Approach which was agreed at a previous Council.

Ministers will be asked to adopt Conclusions on improving the quality of teacher education. These are aimed at improving both teacher training and the qualifications required by teachers, which are not formalised in many European countries. The UK is content with the text.

Ministers are expected to adopt Resolutions on "New skills for new jobs" and on "Education and training as a key driver of the Lisbon Strategy". These emphasise the importance of skills in the knowledge economy, and the role of education and training in achieving the Lisbon goals. The education and skills contribution to the Lisbon Agenda will be further discussed at an informal ministerial lunch.

It is expected that a General Approach will be agreed on the extension of the Erasmus Mundus Higher Education programme from 2009-2014. The UK supports this text. There will be an exchange of views on promoting the mobility of students, in particular regarding support; for students from less favourable socio-economic backgrounds.

There will also be an exchange of views on an Action Plan to promote multilingualism, and on a Resolution on modernising universities for Europe's global competitiveness. This Resolution is to be finalised at the Competitiveness Council on 22-23 November.

INTERNATIONAL DEVELOPMENT

Departmental Expenditure (DFID)

The Secretary of State for International Development (Mr. Douglas Alexander): As a consequence of budgetary transfers associated with the Winter Supplementary Estimates, the Department for International Development total departmental expenditure limit will be reduced by £4,995,000 from £5,259,352,000 to £5,254,357,000. Within the total DEL change, the impact on Resource and Capital is set out in the following table:

£'000

	Change		*New DEL*		
	Voted	*Non Voted*	*Voted*	*Non Voted*	*Total*
Resource DEL	-73,000	- 4,995	3,810,228	748,889	4,559,117
Of which:					
Administration Budget[1]			232,000		232,000
Near-cash in RDEL	-73,000	- 4,995	3,724,799	764,939	4,489,738
Capital DEL	73,000	-	716,250	-	716,250
Less Depreciation[2]			-21,010		-21,010
Total DEL	-	- 4,995	4,505,468	748,889	5,254,357

[1]The total of 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.

[2] Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The net change in the Resource element of DEL arises from:

Additions

£10,000 transferred from the Cabinet Office in respect of DFID's use of the Parliamentary Council's Office.

Reductions

£1,000,000 transferred to the Home Office; as a contribution to funds for migration projects

A Transfer of Global Conflict Prevention Pool to Foreign and Commonwealth office of £3,000,000 for quick impact projects in Helmand Province Afghanistan.

A Transfer to Department for Culture, Media and Sport for £1,000,000 in relation to the London 2012 International Sport Development Initiative.

A Transfer to Department for Environment, Food and Rural Affairs of £5,000 which relates to a shortfall from a previous transfer made relating to Montreal Protocol.

A reduction of £73,000,000 arising from a reclassification of debt relief payments from current grants to capital grants.

The net change in the Capital element of DEL arises from:

Additions

An increase of £73,000,000 arising from a reclassification of debt relief payments from current grants to capital grants.

JUSTICE

Criminal Justice Strategic Plan

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): The Government have today laid before Parliament "Working Together to Cut Crime and Deliver Justice: A Strategic Plan for Criminal Justice 2008-11"(Cm 7247). This plan sets out how we will deliver the new Justice for All Public Service Agreement targets for the Criminal Justice System to improve efficiency and effectiveness in bringing offences to justice, especially serious offences; increase public confidence and victim and witness satisfaction; increase recovery of criminal assets and improve enforcement of the orders of the court.

The strategic plan sets out a new approach to the way in which the criminal justice agencies—police, prosecution, courts, probation, prison and youth justice services—will work together to improve efficiency and effectiveness in bringing offences to justice by giving Local Criminal Justice Boards greater flexibility to tailor their work to local priorities. The Plan also sets out how the Criminal Justice System will support the Government's wider drive to make communities safer through reducing crime and re-offending, as detailed in the Crime Strategy: Cutting Crime: A New Partnership 2008-11, published on 19 July.

By working together more closely, staff in the Criminal Justice System have already successfully brought more offences to justice, improved services to victims and witnesses and built strong partnerships sat national and local level to drive up performance, supported by modern technology.

This plan builds on that success and sets out our commitment to a Criminal Justice System which:

is effective in bringing offences to justice

engages the public and inspires confidence

puts the needs of victims at its heart; and has

simple and efficient processes.

While we have made great strides in tackling volume crime, there is more to do to tackle some of the most serious crimes, such as sexual and violent crime and support the victims of these crimes. At the other end of the scale, we need to intervene earlier and more effectively with young people at risk, both victims and offenders. We need to continue our drive to tackle some of the most intractable problems - mental health, substance misuse and social exclusion - which underlie many crimes.

We recognise that it is crucial to engage the public more closely in the work of the Criminal Justice System. We need to bring the Criminal Justice System closer to the people it serves so that we inform them, consult them and tell them how we are responding to their views. Local Criminal Justice Boards, working with local communities and Crime and Disorder Reduction Partnerships will have a key role in achieving this. More needs to be done to ensure that the Criminal Justice System provides a service which is fair and effective for all sections of the community.

We will go further in improving the efficiency of every part of the system making better use of the technology that is now in place, and give local areas title freedom to innovate and drive locally-tailored programmes of change.

The programmes of work we set out in this plan will support this local approach. We are designing a blueprint for local leadership to enable Local Criminal Justice Boards to implement a co-ordinated programme of reform which is shared by all the criminal justice agencies and engage effectively with local communities and local partners to tackle local priorities and reduce crime and re-offending.

We have set ourselves a challenging target on asset recovery sending a strong signal that crime does not pay. Offenders will be held to account for their actions and offered more opportunities to make amends to their victims and society. We will ensure that standards of service to victims and witnesses are embedded throughout the Criminal Justice System and that we respond to the needs of all victims, particularly the victims of the most serious crimes.

We will continue to drive improvements across the whole criminal justice process. But we will do so in a different way. At a national level we will provide the framework and support, but improvements will be driven at local level, informed by local priorities. We will measure and respond to the views of local people about their local services. We will work in partnership with local community and voluntary organisations. We will build on what works to make a sustainable difference to reducing crime and re-offending in communities.

Winter Supplementary Estimate (Ministry of Justice)

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): Subject to Parliamentary approval of any necessary Supplementary Estimate, the Ministry of Justice (MoJ), Northern Ireland Court Service and The National Archives Total Departmental Expenditure Limit (DEL) will be increased as follows:

Total DEL for Ministry of Justice (RfRl, 2 & 3) will be increased by £5,843,241,000 from £3,784,762,000 to

£9,628,003,000 and the administration budget will be increased by £189,180,000 from £523,536,000 to £712,716,000.

Total DEL for the Northern Ireland Court Service (NICS) will be reduced by (£1,749,000) from £132,319,000 to £130,570,000 and there is no change in administration budget.

Total DEL for The National Archives (TNA) will be increased by £3,379,000 from £44,161,000 to £47,540,000 and the administration budget will be reduced by (£43,711,000) due to a reclassification from administration to programme budget.

Within the Total DEL change for Ministry of Justice (RfRl, 2 & 3), the impact on resources and capital are as set out in the following table:

£'000

	Change		*New DEL*		
	Voted	*Non-Voted*	*Voted*	*Non-Voted*	*Total*
Resource DEL	4,057,099	1,324,762	5,807,626	3,356,562	9,164,188
Of which:					
Administration Budget[1]	189,180	0	712,716	0	712,716
Near-cash in RDEL	3,189,394	1,599,549	4,657,358	3,866,348	8,523,706
Capital[2]	636,913	27,055	771,648	30,055	801,703
Less Depreciation[3]	-196,635	-5,953	-331,934	-5,954	-337,888
Total	4,497,377	1,345,864	6,247,340	3,380,663	9,628,003

[1]The total of 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.
[2]Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.
[3]Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource and capital element of the Ministry of Justice (MoJ) DEL arises from:

RfRl: To promote the development of a modern, fair, cost effective and efficient system of justice for all.

Resource Change; Admin (total increase of £189,133,000)

Machinery of Government Transfers:

Increase of £160,053,000 in resource in relation to the transfer of the National Offender Management Service (NOMS) from the Home Office.

Increase of £18,903,000 in resource in relation to the transfer of the Office for Criminal Justice Reform (OCJR) from the Home Office

Increase of £7,909,000 in resource in relation to the transfer of Corporate Services from the Home Office.

Increase of £2,268,000 in resource in relation to the transfer of the Privy Council Secretariat and the Judicial Committee of the Privy Council from the Privy Council Office.

Resource Change: Admin (total decrease of £485.000)

Decrease £485,000 in resource in relation to the transfer of the responsibility for the audit of the Children and Family Court Advisory and Support Service (CAFCASS) by HM Inspectorate of Court Administration, to the Office for Standards in Education (OFSTED) in the Department of Children Schools and Families.

Resource Change; Programme (total increase of £5,218,287,000

Machinery of Government Transfers:

Increase of £4,485,719,000 in resource in relation to the transfer of NOMS from the Home Office.

Increase of £317,932,000 in resource in relation to the transfer of the OCJR from the Home Office.

Increase of £1,027,000 in resource in relation to the transfer of Corporate Services from the Home Office.

Take up of End-Year Flexibility (EYF):

Increase of £70,000,000 in resource in relation to the Modernisation Fund.

Increase of £52,000,000 in resource in relation to funding for the Service Upgrade Project (SUPS), PROGRESS and other Projects.

Increase of £30,000,000 in resource in relation to the Reform and Modernisation Programme (RAMP).

Increase of £28,000,000 in resource in relation to Elections funding.

Other Increases:

Increase of £192,000,000 in resource in relation to an uplift of non-cash in the CSR07 baseline.

Increase of £21,675,000 in resource in relation to a budgetary transfer from the National Policing Improvement Authority, part of the Home Office to NOMS in relation to NOMIS Project.

Increase of £11,650,000 in resource in relation to a budgetary transfer from the Home Office to the Youth Justice Board in relation to the Criminal Justice IT (CJIT) funding.

Increase of £2,563,000 in resource in relation to a budgetary transfer from the Home Office to OCJR in relation to CJIT funding.

Increase of £2,470,000 in resource in relation to a budgetary transfer from the Home Office to be transferred on to the Crown Prosecution Service (CPS) in relation to CJIT funding.

Increase of £1,561,000 in resource in relation to a budgetary transfer from the Home Office in relation to the Violent Crime Reduction Act.

Increase of £685,000 in resource in relation to a budgetary transfer from the Parliamentary Counsel Office.

Increase of £774,000 in resource in relation to a budgetary transfer from the DIUS to NOMS in relation to Learning and Skills costs for Immigration Removal Centres.

Increase of £230,000 in resource in relation to a budgetary transfer from the Department for Innovation, Universities and Skills (DIUS) to NOMS in relation to Police ICT Academy costs.

Increase of £1,000 in resource in relation to an increase in Grant to the Information Commissioners' Office (ICO).

Resource Change: Programme (total decrease of (£25,606,000)

Other Decreases:

Decrease of £12,783,000 in resource in relation to a budgetary transfer to the CPS in relation to CJIT funding.

Decrease of £6,270,000 in resource in relation to a budgetary transfer to the DIUS in relation to prisoner education costs.

Decrease of £2,225,000 in resource in relation to a budgetary transfer to the Department for Communities and Local Government - Government Equalities Office in respect of the Commission for Equality and Human Rights.

Decrease of £1,400,000 in resource in relation to a budgetary transfer to the Home Office in relation to Property Group.

Decrease of £1,291,000 in resource in relation to a budgetary transfer to the CPS in relation Local Criminal Justice Boards.

Decrease of £635,000 in resource in relation to a budgetary transfer to the Department of Health in relation to prisoner healthcare costs.

Decrease of £539,000 in resource in relation to a budgetary transfer to the CPS in relation to PROGRESS funding.

Decrease of £245,000 in resource in relation to a budgetary transfer to the Welsh Assembly in relation to the health funds for Wales.

Decrease of £218,000 in resource in relation to a budgetary transfer to the CPS in relation to violent crime reduction.

Capital Change (total increase of £663,968,000)

Machinery of Government Transfer:

Increase of £512,903,000 in capital in relation to the transfer of NOMS from the Home Office.

Increase of £37,536,000 in capital in relation to the transfer of the OCJR from the Home Office.

Increase of £10,000,000 in capital in relation to the transfer of Corporate Services from the Home Office.

Increase of £87,000 in capital in relation to the transfer of the Privy Council Secretariat and the Judicial Committee of the Privy Council from the Privy Council Office.

Take up of End-Year Flexibility (EYF):

Increase of £30,000,000 in ring fence capital funding in relation to the Reform and Modernisation Programme (RAMP).

Other Increases:

Increase of £50,000,000 in capital in relation to an uplift in CSR07 baseline.

Increase of £17,482,000 in capital in relation to a budgetary transfer from the Home Office to NOMS in relation to CJIT funding.

Increase of £3,960,000 in resource in relation to a budgetary transfer from the Home Office to the Youth Justice Board in relation to capital CJIT funding

Increase of £2,000,000 in capital DEL in relation to CORE Capital Grants.

RfR2: Overseeing the effective operation of the devolution settlement in Scotland and representing the interests of Scotland in the UK Government.

Resource Change: Admin (total increase of £56,000)

Other Increases:

Increase of £56,000 in resource in relation to a budgetary transfer from the Scottish Parliament in relation to information technology costs.

RfR3: To support the Secretary of State in discharging his role of representing Wales in the UK Government, representing the UK Government in Wales and ensuring the smooth running of the devolution settlement in Wales

Resource Change: Admin (total increase of £476,000)

Other Increases:

Increase of £226,000 in resource in relation to a budgetary transfer from the Parliamentary Counsel Office.

Increase of £220,000 in resource in relation to a budgetary transfer from the Welsh Assembly in relation to a non-cash requirement to cover increased impairment charges.

Increase of £30,000 in resource in relation to a budgetary transfer from the Welsh Assembly in relation to Lords Lieutenant costs.

There is no change in the capital element ofRfR2 and RfR3 DEL

Within the Total DEL change for Northern Ireland Court Service, the impact on resources and capital are as set out in the following table:

£'000

	Change		*New DEL*		
	Voted	*Non-Voted*	*Voted*	*Non-Voted*	*Total*
Resource DEL	-130	871	53,381	79,799	133,180
Of which:					
Administration Budget[1]	0	0	2,311	0	2,311
Near-cash in RDEL	-3,630	3,630	38,706	75,928	114,634
Capital	0	10	6,000	10	6,010
Less Depreciation[2]	-2,500	0	-8,600	-20	-8,620
Total	-2,630	881	50,781	79,789	130,570

[1]The total of 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.
[2] Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource and capital element of the Northern Ireland Court Service (NICS) DEL arises from:

Resource Change: Programme (total increase of £871,000)

Other Increases:

Increase of £741,000 in non-voted resource relating to a Machinery of Government transfer from the Northern Ireland Office to cover spending by the Criminal Injuries Compensation Appeals Panel of Northern Ireland when transferred from the Northern Ireland Office on 1 December 2007.

Increase of £130,000 in non-voted resource relating to an increase in the grant in aid paid to the Northern Ireland Judicial Appointments Commission.

Resource Change: Programme (total decrease of £130,000)

Other Decreases:

Decrease of £130,000 in resource to finance an increase in grant in aid paid to the Northern Ireland Judicial Appointments Commission.

Capital Change (total increase of £10,000)

Other Increases:

Increase of £10,000 in capital arises from the transfer of capital spending of the Criminal Injuries Compensation Appeals panel of Northern Ireland when transferred from the Northern Ireland Office on 1 December 2007.

Within the Total DEL change for The National Archives, the impact on resources and capital are as set out in the following table:

£'000

	Change		*New DEL*		
	Voted	*Non-Voted*	*Voted*	*Non-Voted*	*Total*
Resource DEL	1	0	44,940	0	44,490
Of which:					
Administration Budget[1]	-43,711	0	0	0	0
Near-cash in RDEL	0	0	35,471	0	35,471
Capital	4,285	0	7,600	0	7,600
Less Depreciation[2]	-907	0	-5,000	0	-5,000
Total	3,379	0	47,540	0	47,540

[1]The total of 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.
[2] Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource and capital element of The National Archives DEL arises from:

Resource Change: Admin (total decrease of £46,015.000)

Other decreases:

Decrease of £42,852,000 in resource in relation to a transfer from administration budget to programme in respect of Public Records Office following a review of the categorisation of the budget that deemed it appropriate to reclassify administration spend as programme.

Decrease of £2,016,000 in resource in relation to a transfer from administration budget to programme in respect of the Office of Public Sector Information following a review of the categorisation of the budget that deemed it appropriate to reclassify administration spend as programme.

Decrease of £1,147,000 in resource in relation to a transfer from administration budget to programme in respect of Historical Manuscripts Commission following a review of the categorisation of the budget that deemed it appropriate to reclassify administration spend as programme.

Appropriation in Aid (A-in-A) Change: Admin (total decrease of £2,304,000)

Decrease of £2,304,000 in A-in-A in relation to a reclassification of income from administration spend to programme.

Resource Change: Programme (total increase of £46,016,000)

Other Increases:

Increase of £42,852,000 in resource in relation to a transfer from the administration budget to programme in respect of Public Records Office following a review of the of the categorisation of the budget that deemed it appropriate to reclassify administration spend as programme.

Increase of £2,016,000 in resource in relation to a transfer from administration budget to programme in respect of the Office of Public Sector Information following a review of the categorisation of the budget that deemed it appropriate to reclassify administration spend as programme.

Increase of £1,147,000 in resource in relation to a transfer from administration budget to programme in respect of Historical Manuscripts Commission following a review of the categorisation of the budget that deemed it appropriate to reclassify administration spend as programme.

A token increase in resource of £1,000 reflecting the increase in gross resource of £5,142,000 and an increase in operating Appropriations in Aid (AinA) of £5,141,000 to cover increased service delivery costs and activity.

Appropriation in Aid (A-in-A) Change: Programme (total increase of £2,304,000)

Increase of £2,304,000 in A-in-A in relation to a reclassification of income from admin spend to programme

Capital Change (total increase of £4,285,000)

Take up of End-Year Flexibility (EYF):

Increase of £4,285,000 in capital in relation to improvements to facilities at Kew.

CABINET OFFICE

Departmental Expenditure (Cabinet Office)

The Minister for the Cabinet Office (Edward Miliband): Subject to Parliamentary approval of the Winter Supplementary Estimate 2007-08, the Cabinet Office total Departmental Expenditure Limit (DEL) has changed from the amount Voted in the Main Estimate 2007-08.

As a result, the Cabinet Office Total DEL has increased by £22,683,000 from £375,914,000 to £398,597,000.

The impact on Resource DEL (RDEL) and Capital DEL (CDEL) is set out in the following table:

£'000	*Main Estimate DEL*			*Changes*			*Winter Supplementary Estimate New DEL*		
	Voted	*Non Voted*	*Total*	*Voted*	*Non Voted*	*Total*	*Voted*	*Non Voted*	*Total*
Resource DEL	322,985	40,358	363,343	-12,026	+4,669	-7,357	310,959	45,027	355,986
Of which:									
Administration Budget	236,600	-	236,600	-19,542	-	-19,542	217,058	-	217,058
Near cash in RDEL	277,374	41,108	318,482	-11,530	+3,919	-7,611	265,844	45,027	310,871
Capital DEL	48,857	50	48,907	+30,012	+50	+30,062	78,869	100	78,969
Depreciation [1]	-36,336	-	-36,336	-22	-	-22	-36,358	-	-36,358
Total DEL	335,506	40,408	375,914	+17,964	+4,719	+22,683	353,470	45,127	398,597

[1] Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The changes in the 2007-08 Winter Supplementary Estimate compared to the Main Estimate 2007-08 are due to Machinery of Government (MOG) transfers, Budget Cover Transfers, End Year Flexibility, transfers from RDEL to CDEL and drawdowns on the Reserve occurring in the current financial year.

Changes in Resource DEL (RDEL)

Changes result in a net decrease of £7,357,000.

Outward transfers amount to a reduction in RDEL by £29,078,000 as follows:

Machinery of Government transfers

Better Regulation Executive (BRE) transfer to the Department for Business, Enterprise and Regulatory Reform (DBERR formerly DTI) reduces RDEL and Net Cash Requirement in the Estimate by £11,429,000.

Prime Minister's Delivery Unit (PMDU) transfer to HM Treasury (HMT) reduces RDEL and Net Cash Requirement in the Estimate by £4,028,000.

Budget cover transfers outwards

A budget transfer of cover to 14 Government Departments to cover the costs of the Office of the Parliamentary Counsel (OPC) reduces RDEL and Net Cash Requirement in the Estimate by £8,389,000.

A Budget transfer to Department for Communities and Local Government (DCLG) for Government Offices reduces RDEL and Net Cash Requirement in the Estimate by £764,000.

A Budget transfer to the Home Office (HO) to cover administration costs reduces RDEL and Net Cash Requirement in the Estimate by £104,000.

A Budget transfer to Office of National Statistics (ONS) to provide Administration cover for development reduces RDEL and Net Cash Requirement in the Estimate by £164,000.

Transfers

A transfer from RDEL to CDEL for SCOPE programme funding and the property refurbishment in Emergency Planning College reduces RDEL by £4,150,000 of which: Administration expenditure by £450,000 and programme expenditure by £3,700,000. The Net Cash Requirement is not affected.

A transfer from non voted programme expenditure in RDEL to non voted CDEL CapacityBuilders (UK) Ltd, an Executive Non Departmental Public Body reduces RDEL by £50,000,, The Net Resource Requirement and Net Cash Requirement are unaffected.

Inward transfers amount to an increase of £21,721,000 as follows:

Machinery of Government transfers

The Lord President of the Council Office and the Leader of the House of Lords and the Leader and the Deputy Leader of the House of Commons, and the Offices of the Government Whips in the House of Commons and House of Lords transfer from the Privy Council Office increases RDEL by £4,553,000, including non cash by £47,000 and Net Cash Requirement in the Estimate by £4,546,000.

Drawdown on the Reserves

Drawdown from the Special CT Reserve in HM Treasury to provide funding for the BBC monitoring programme increases RDEL and Net Cash Requirement in the Estimate by £5,000,000.

Drawdown from the Reserve for VAT Reimbursement for BBC Children in Need increases RDEL and Net Cash Requirement in the Estimate by £299,000.

Drawdown for V Matched Funding for the Office of the Third Sector to cover grant expenditure increases RDEL and Net Cash Requirement in the Estimate by £3,301,000.

Drawdown from the Invest to Save Budget (ISB) for Office of the Third Sector for grant expenditure increases RDEL and Net Cash Requirement in the Estimate by £399,000.

Budget cover transfers

A transfer from the disbanded Deputy Prime Minister's Office (DPMO) covering funds transferred from Cabinet Office in the Main Estimate increases RDEL and Net Cash Requirement in the Estimate by £1,233,000.

A transfer from Security and Intelligence Agencies to fund the BBC monitoring programme increases RDEL and Net Cash Requirement by £3,647,000.

Take up of End Year Flexibility

Drawdown Resource EYF (DEL cover only) cover for CapacityBuilders (UK) Limited £3,289,000: this represents funds held by CapacityBuilders (UK) Ltd at 31 March 2007 and remaining unspent. This does not affect the Net Cash Requirement nor Net Resource Requirement.

Changes in Capital DEL (CDEL)

Changes result in a net increase of £30,062,000 as follows:

Machinery of Government transfers

The Lord President of the Council Office and the Leader of the House of Lords and the Leader and the Deputy Leader of the House of Commons, and the Offices of the Government Whips in the House of Commons and House of Lords transfer from the Privy Council Office (PCO) increases CDEL and Net Cash Requirement by £40,000.

Transfers

A transfer from RDEL to CDEL for SCOPE programme funding £3,700,000 and the property refurbishment in Emergency Planning College £450,000 increases CDEL by £4,150,000. Net Cash Requirement is not affected.

A transfer from non voted programme expenditure in RDEL to non voted CDEL for CapacityBuilders (UK) Ltd, an Executive Non Departmental Public Body increases CDEL by £50,000. The Net Cash Requirement is not affected.

Take up of End Year Flexibility (EYF)

Drawdown Capital DEL EYF to fund the SCOPE programme and other property projects across the Whitehall Estate increases CDEL and Net Cash Requirement by £25,822,000 of which: £22,143,000 to cover costs of the SCOPE programme and £3,679,000 for various property projects across the Whitehall Estate.

Departmental Expenditure (Charity Commission)

The Parliamentary Secretary, Cabinet Office (Phil Hope): Plans to change the Charity Commission's Departmental Expenditure Limit (DEL) and administration budget for 2007-08.

Subject to Parliamentary approval of any necessary Supplementary Estimate, the Charity Commission total DEL will be increased by £1,001,000 from £30,992,000 to £31,993,000. Within the total DEL change, the impact on resources and capital is as set out in the following table:

£'000

	Change		*New DEL*		
	Voted	*Non-Voted*	*Voted*	*Non-Voted*	*Total*
Resource DEL	1,500	0	31,743	0	31,743
Of which:					
Administration Budget[1]	1,500	0	31,743	0	31,743
Near-cash in RDEL	1,500	0	30,732	0	30,732
Capital[2]	-499	0	900	0	900
Less Depreciation[3]	0	0	-650	0	-650
Total DEL	1,001	0	31,993	0	31,993

[1]The total of 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.
[2]Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.
[3]Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The change in the resource element of the DEL and in the administration budget arises from additional funding agreed in the 2007 Comprehensive Spending Review (CSR) Settlement as follows:

expenditure of £1,000,000 to review the links between terrorist financing and charities;

£500,000 to fund additional responsibilities following the passage of the Charities Act 2006.

The change in the administration budget also arises from additional funding in the 2007 CSR settlement as detailed above.

The change in the capital element of the DEL reflects a reduction of funding on capital spending of £499,000 following the 2007 Comprehensive Spending Review Settlement.

The Supplementary Estimate also details changes in operating appropriations in aid, fully offset by changes in spending and not impacting on the Commission's Departmental Expenditure Limit:

project funding of £450,000 by the Foreign and Commonwealth Office for the continuation of the International Outreach project;

funding of £400,000 by the Department for Communities and Local Government for the creation of the Faith and Social Cohesion unit;

£250,000 additional accommodation charges funded by the sub-letting of a floor at the Commission's London office building.

Departmental Expenditure (National School of Government)

The Parliamentary Secretary, Cabinet Office (Gillian Merron): Subject to Parliamentary approval of any necessary Supplementary Estimate, the National School of Government departmental expenditure limit (DEL) will be increased by £802,000 from £415,000 to £1,217,000 and the administration costs limit will be £1,217,000. Voted Capital will increase by £401,000 to £1,270,000. These figures reflect a take up of End Year Flexibility from 2006-07 and a transfer of £200,000 from Resource to Capital.

Within the DEL change, the impact of resources and Capital are as set out in the following table:

		New DEL	
£'000	*Change*	*Voted*	*Total*
Resource	802	1,217	1,217
Of which: Administration Budget*	802	1,217	1,217
Near-cash in RDEL	802	117	117
Capital**	401	1,270	1,270
Depreciation***	0	-500	-500
Total	1,203	1,987	1,987

*The total of the 'Administration Budget' and the 'Near cash in Resource DEL' figures may well be greater than the total resource DEL, due to definitions overlapping.
**Capital DEL includes items treated as resources in Estimates and Accounts but which are treated as Capital DEL in Budgets.
***Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

GOVERNMENT EQUALITIES OFFICE

Departmental Expenditure (Government Equalities Office)

The Leader of the House of Commons (Ms Harriet Harman): The Transfer of Functions (Equality) Order 2007 (No. 2914) confirms the establishment of the Government Equalities Office and details the functions that have transferred from the Secretary of State for Communities and Local Government. The transfer of functions from the Department of Communities and Local Government came into force on 12 October 2007.

Subject to Parliamentary approval of the necessary Supplementary Estimate, the Government Equalities Office Departmental Expenditure Limit will be set at £73,430,000 and the administration budget will be set at £3,885,000. The Departmental Expenditure Limit includes £46,500,000 resource and £7,000,000 capital funding for the Commission for Equality and Human Rights.

Within the Departmental Expenditure Limit, the impact on resource and capital is as set out in the following table:

	Departmental Expenditure Limit £000		
	Voted	*Non-voted*	*Total*
Resource	33,296	33,538	66,834
Of which: [1]			
Administration	3,885	0	3,885
Near-cash	33,296	32,929	66,225
Capital [2]	0	7,175	7,175
Depreciation [3]	0	-579	-579
Total	33,296	40,134	73,430

[1]The Total of 'administration budget' and 'near-cash' figures may be greater than total resource Departmental Expenditure Limit, due to the definitions overlapping.
[2]Capital Departmental Expenditure Limit includes items treated as resource in Estimates and accounts but which are treated as Capital Departmental Expenditure Limit in budgets.
[3]Depreciation, which forms part of resource Departmental Expenditure Limit, is excluded from the total Departmental Expenditure Limit since capital Departmental Expenditure Limit includes capital spending and to include depreciation of those assets would lead to double counting.

NORTHERN IRELAND

Departmental Expenditure (Northern Ireland Office)

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): Subject to Parliamentary approval the Northern Ireland Office (NIO) will be taking a 2007/08 Winter Supplementary Estimate. The effect this will have is to increase the NIO's DEL by £190,138,000 from £1,163,537,000 to £1,353,675,000.

	£'000				
	Change		*New DEL*		
	Voted	*Non-Voted*	*Voted*	*Non-voted*	*Total*
Resource	65,069	136,855	368,289	974,639	1,342,928
Admin Budget	5,045	-5,000	57,569	-	57,569
Near-cash	63,120	5,574	304,181	713,406	1,017,587
Capital	-11,972	11,962	25,094	46,809	71,903
Depreciation	3,558	-15,334	-17,275	-43,881	-61,156
Total	56,655	133,483	376,108	977,567	1,353,675

The change in total DEL of £190,138,000 relates primarily to the draw down of End Year Flexibility of £172,500,000 of which £69,500,000 is near cash resource and £103,000,000 is non-cash. There is an increase of £30,000,000 in respect of a change in the discount rate for police pensions; a resource budget transfer of £165,000 from the Cabinet Office; and a Machinery of Government change of £751,000 to transfer responsibility for the Criminal Injuries Compensation Appeals Panel to the Northern Ireland Court Service.

The cash draw down is in relation to the additional resource requirement for various business areas within the Department such as Political Inquiries, Public Prosecution Service, NIPS, YJA, Criminal Justice, Bloody Sunday Inquiry, PSNI, Probation Board and Policing Board. The non-cash element is required for Public Prosecution Service, Compensation Agency, Youth Justice Agency and PSNI.

The administration budget increases by £3,045,000 from £78,824,000 to £81,869,000 as a result of the take up of End Year Flexibility and the resource budget transfer from the Cabinet Office.

The reduction in capital DEL of £10,000 is the Machinery of Government transfer of responsibility for the Criminal Injuries Compensation Appeals Panel to the Northern Ireland Court Service.

PRIME MINISTER

European Union

The Prime Minister (Mr. Gordon Brown): I have appointed Sir Stephen Wall to write volume II of the Official History of the UK Accession to the European Union.

SCOTLAND

Departmental Expenditure (Scotland)

The Secretary of State for Scotland (Des Browne): Subject to Parliamentary approval of the necessary Supplementary Estimates, the Departmental Expenditure Limit (DEL) provision for the administration of the Scotland Office will be increased by £56,000 and the Scotland DEL will be increased by £786,601,000 from £26,270,808,000 to £27,057,409,000.

The administration of the Scotland Office DEL increase takes account of the following routine adjustment:

a transfer of £56,000 from the Scottish Executive

The Scotland DEL increase takes account of the following routine adjustments to the Scottish Executive provision:

the take-up of End Year Flexibility (EYF) by the Scottish Executive amounting to £655,000,000;

The DEL increase also includes the following changes, amounting to a net increase of £155,991,000. These are:

a transfer of £25,947,000 from the Department for Transport;

a classification change in respect of the funding of the Scottish WaterCost of Capital of £130,100,000; and

a transfer of £56,000 to the Scotland Office.

The increases will be added to the planned total of public expenditure to fund spending commitments in the current financial year.

SOLICITOR-GENERAL

Departmental Expenditure (Attorney-General)

The Solicitor-General (Vera Baird): My right hon. Friend the Attorney-General has made the following written ministerial statement:

Subject to Parliamentary approval of the Winter Supplementary Estimate, the Attorney General's DEL will be increased by £39,479,000 from £717,497,000 to £756,976,000 and the Administration budget will be increased by £7,382,000 from £112,261,000 to £119,643,000.

Within the DEL change, the impact on resources and capital are as set out in the following table:

	Change		*New DEL*		
	Voted	*Non-Voted*	*Voted*	*Non-Voted*	*Total*
Resource	*37,988*	*-7,000*	*749,341*		*749,341*
Of which:					
Administration Budget	7,382		119,643		119,643
Near Cash in RDEL	37,426	-7,000	736,098	1,713	737,811
Capital	2,000		16,900		16,900
Depreciation[1]	-509		-9,265		-9,265
Total Del	39,479	-7,000	756,976	1,713	756,976

[1]Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The *Crown Prosecution Service's (CPS)* element of the Attorney General's DEL will be increased by £14,815,000 from £631,537,000 to £646,352,000. The Administration budget will be reduced by £112,000 from £57,415,000 to £57,303,000.

The change in the CPS's DEL arises from:

The take up of £7,000,000 of the Departmental Unallocated Provision to support increased expenditure on the prosecution of criminal cases.

An increase due to a budgetary transfer of £1,291,000 programme from the Ministry of Justice to provide support to Local Criminal Justice Boards (LCJBs).

An increase of £539,000 programme DEL transferred from the Ministry of Justice to provide additional resources from Criminal Justice Information Technology (CUT) to fund the Case Progression Tool, 'Progress'.

An increase of £2,364,000 programme for ExiSSrl from CJIT to allow the electronic transfer of case data between the Police and CPS.

An increase of £1,834,000 programme from the Ministry of Justice to provide additional resources as agreed in the CJIT Delivery Plan to fund enhancements to the Witness Management System (WMS).

An increase of £7,300,000 programme due to the re-allocation of resource DEL budgetary cover from the Ministry of Justice to provide additional resources to help fund the Compass Case Management System IT programme.

An increase of £1,285,000 programme due to the re-allocation of resource DEL budgetary cover from the Ministry of Justice to provide the CPS Serious Organised Crime team with a secure case management system and access to the government secure network.

An agreed transfer of £218,000 programme expenditure from the Department for Constitutional Affairs to fund the North Liverpool Community Justice Centre.

A transfer of £96,000 from the Home Office to fund CPS costs of delivery of the Violent Crime Reduction Act 2007.

A decrease of £112,000 in administration resource due to the reallocation of resource DEL budgetary cover, within the Attorney General's resource DEL, from the Crown Prosecution Service to HM Procurator General & Treasury Solicitors. This is required to help fund the provision of administrative services to the Attorney General by the Attorney General's Office.

The *Serious Fraud Office (SFO)* element of the Attorney General's DEL will be increased by £17,145,000 from £37,669,000 to £54,814,000. The Administration budget will increase from £24,969 to £31,635.

The changes in the SFO's DEL arise from:

The take up of £2,000,000 Administration resource End Year Flexibility.

An increase of £13,649,000 from our two Block Buster Cases reserves. £4,670,000 to our Administration budget; £8,679,000 for our Programme budget and £300,000 for our Capital budget.

A decrease of £4,000 Administration resources due to the reallocation of resource DEL budgetary cover, within the Attorney General's resource DEL, from the Serious Fraud Office to HM Procurator General & Treasury Solicitors. This is required to help fund the provision of administrative services to the Attorney General by the Attorney General's Office.

A cash neutral change to our administration budget of £300,000 being both increase in costs and increase in revenue as a consequence of Expected Proceeds of Crime Income.

The take up of £1,700,000 Capital End Year Flexibility to meet the cost of additional spend.

The *Revenue and Customs Prosecutions Office's (RCPO)* element of the Attorney General's DEL will be reduced by £317,000 from £36,726,000 to £36,409,000. This reduction will occur within the Administration Budget which will be reduced from £18,253,000 to £17,936,000.

The change in RCPO's DEL arises from:

A decrease of £317,000 Administration resources due to the reallocation of resource DEL budgetary cover, within the Attorney General's resource DEL, from the Revenue and Customs Prosecutions Office to HM Procurator General & Treasury Solicitors. This is required to help fund the provision of administrative services to the Attorney General by the Attorney General's Office.

The *HM Procurator General and Treasury Solicitor (TSol)* element of the Attorney General's DEL will be increased by £836,000 from £16,221,000 to £17,057,000. This increase will occur within the Administration Budget which will increase from £11,624,000 to £ 12,769,000.

The change in TSol's DEL arises from:

Administration cost changes in respect of a reallocation of resource DEL budgetary cover, within the Attorney General's resource DEL, of £4,000 from the Serious Fraud Office (SFO), £317,000 from the Revenue and Customs Prosecutions Office (RCPO) and £112,000 from the Crown Prosecution Service (CPS) to the Treasury Solicitors Department to meet the cost of policy support to the Attorney General provided by the Attorney General's Office (AGO).

The take up of £712,000 resource End Year Flexibility to meet the cost of policy support to the Attorney General provided by the Attorney General's Office (AGO).

An increase of £309,000 in depreciation costs.

TRANSPORT

Departmental Expenditure (Department for Transport)

The Secretary of State for Transport (Ruth Kelly): Subject to parliamentary approval of any necessary supplementary estimate, the Department for Transport departmental expenditure limit (DEL) for 2007-08 will be increased by £197,841,000 from £12,907,737,000 to £13,105,578,000 and the administration budget will be increased by £30,087,000 from £259,297,000 to £289,384,000.

Within the DEL change, the impact on resources and capital, are as set out in the following table:

£'000

	Change in DEL		*New DEL*		
	Voted	*Non-Voted*	*Voted*	*Non-Voted*	*Total*
Resource:	198,788	22,305	6,451,490	473,987	6,925,477
Of Which:					
Administration	30,711	-624	285,181	4,203	289,384
Near cash in RDEL	204,388	16,705	5,790,429	638,402	6,428,831
Capital	247,829	-264,829	5,437,836	1,105,542	6,543,378
LESS Depreciation[1]	-1,000	-5,252	-357,709	-5,568	-363,277
Total	445,617	-247,776	11,531,617	1,573,961	13,105,578

[1]Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

Resource Change: Administration (total increase of £30,087,000)

Voted: total increase of £30,711,000.

RfRl

(i) Reclassification of certain consultancies from programme to administration (£38,288,000);

(ii) Near cash transfer from the Cabinet Office for the Department's share of the Parliamentary Counsel Office costs (£292,000);

(iii) Partially offset by reclassification of front line activities from administration to programme for transport security (£7,523,000 near cash and £346,000 non cash).

Non Voted: total decrease of £624,000.

(i) Near cash transfer from administration non voted provision to the Department for Communities and Local Government as a contribution towards Government Offices' voluntary severance costs (£624,000).

Resource Change: Programme (total increase of £191,006,000)

Voted: total increase of £168,077,000

(i) Take up of £ 178,272,000 near cash end year flexibility covering:

a) rail franchising costs (£136,858,000);

b) Transport for London (£10,030,000);

c) support for the introduction of a national concessionary fares scheme (£20,384,000); and

d) lower than expected Vehicle Excise Duty enforcement receipts (£11,000,000).

(ii) Near cash increase of £15,000,000 to reflect the reclassification of Vehicle Excise Duty enforcement; receipts following the end of the netting off scheme from 2007-08;

(iii) A net transfer from non-voted resource provision of £14,171,000 comprising:

a) near cash cover for lower than expected Vehicle Excise Duty enforcement receipts (£8,150,000);

b) additional near cash enforcement work including tackling identity fraud, targeted roadworthiness roadside checks and enforcing compliance with Driver hours directive (£3,800,000);

c) an increase in non-cash provision for the Driving Standards Agency trading fund to cover increased cost of capital charges (£600,000);

d) an increase in non-cash provision for the Vehicle and Operator Services Agency trading fund to meet increased cost of capital charges (£1,700,000);

e) an increase in near cash provision for rail franchising costs (£163,000);

f) a near cash transfer of £7,900,000 to rail franchising from a reduction in utilisation of rail provision fully offset by an equivalent non cash transfer; all partially offset by:

g) a near cash transfer to non-voted provision for the Rail Passenger Council (£242,000).

(iv) A transfer from administration to reflect reclassification of front line activities from administration to programme for transport security (£7,869,000);

(v) Partially offset by:

a) a near cash transfer to administration to reflect reclassification of certain consultancies (£38,288,000); and

b) a near cash transfer to the Scottish Executive for rail services (£8,947,000).

Non voted: total increase of £22,929,000

(i) Take up of £37,100,000 near cash end year flexibility to replace non-voted provision used to ensure that the Main Estimates correctly reflected the level of GLA Transport Grant; partially offset by

(ii) A net transfer to voted resource provision of £ 14,171,000.

Capital change (total decrease of £17,000,000)

Voted: total increase of £247,829,000

(i) A transfer from non-voted capital provision of £264,829,000 comprising;

(a) a transfer from departmental unallocated provision to Network Rail capital grants (£168,000,000);

(b) a transfer from London and Continental Railways to Network Rail capital grants (£66,167,000);

(c) a transfer from British Transport Police to Network Rail capital grants (£2,500,000); and

(d) a reclassification from credit approvals to capital grant for local authorities' de-trunking (£35,362,000); partially offset by

(e) a transfer from the Driver and Vehicle Operators loan pool to investment for ongoing Driver and Vehicle Licensing Agency projects (£7,200,000);

(ii) A transfer to the Scottish Executive for rail services (£17,000,000).

Non-voted: total decrease of £264,829,000 reflecting a net transfer to voted capital provision.

WALES

Departmental Expenditure (Wales Office)

The Secretary of State for Work and Pensions (Mr. Peter Hain): The Welsh Assembly Government's Departmental Expenditure Limit will be increased by £29,750,000 from £13,789,740,000 to £13,819,490,000. The increase is a result of:

(a) Take-up of £30,000,000 EYF - Near Cash Less

(b) Transfers of £220,000 Non-cash and £30,000 Near Cash to the Wales Office

And includes:

(c) Capital to Resource switch of £48,500,000.

The increase in DEL will be offset by transfers from other Departments and will not therefore add to the planned total of public expenditure.

Provision for the Wales Office is increased by £476,000 as a result of

A transfer from the Parliamentary Counsel Office of £226,000 near-cash

A transfer from the Welsh Assembly Government of £220,000 non-cash

A transfer from the Welsh Assembly Government of £30,000 programme

Wales Office spending is contained within single Ministry of Justice Departmental Expenditure Limit and Administration Costs Limit.

WORK AND PENSIONS

Child Maintenance and Enforcement Commission

The Secretary of State for Work and Pensions (Mr. Peter Hain): I am pleased to announce the appointment of Janet Paraskeva as the Chair Designate of the Child Maintenance and Enforcement Commission. Her appointment will take effect as from 19 November 2007. Janet Paraskeva brings extensive experience to this role from her time as Chief Executive of the Law Society, Director of the National Lottery Charities Board and as Chief Executive of the National Youth Agency. She is also currently the First Civil Service Commissioner.

Subject to the passage of the Child Maintenance and Other Payments Bill, the Child Maintenance and Enforcement Commission will have responsibility for the future Child Maintenance system. The Commission's key objective will be to get more money to more families, helping to lift more children out of poverty.

Disability Living Attendance Allowances

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): Disability Living Allowance (DLA) and Attendance Allowance (AA) are paid to people with extra needs arising from their disabilities. These benefits are administered by the Disability and Carers Service. Where people have reached state pension age and are receiving state pension or pension credit, normal practice is to combine the payment of AA or DLA with state pension and pension credit so that the customer receives one combined weekly payment of benefit. These combined payments are administered by The Pension Service.

The Department is responsible for administering more than 1.6 million such cases. It has recently been identified that over a period dating from 1996, there are just over 4,000 cases where our customers have been paid in error by both The Pension Service and the Disability and Carers Service. The total amount overpaid is estimated to be some £26 million. Steps have already been taken to prevent such duplicate payments occurring in the future.

It is clearly right that where duplicate payments are being made the position should be corrected. However, given that the customers involved are both elderly and disabled, I have decided not to seek recovery of past overpayments, some of which go back as far as 1996, in cases where the customer clearly did not know they were being overpaid.

I recognise that some people will need help in adjusting their finances to the reduced, albeit correct, level of benefit We believe that a very small number of the cases, around 50, involve people with a terminal illness and I judge it would not be appropriate to cause them and their families additional worry. In these cases, I propose to make ex-gratia payments to maintain the higher level of payment. Based on information held by the Department the estimated cost will be no more than £200,000 in a full year.

In all other cases I propose, at the same time as stopping the duplicate payment, to make in each case an ex-gratia payment of between £100 and £350, depending on the length of time they have been overpaid. Beyond that further ex-gratia payments will be considered on an individual basis in case of exceptional needs. The total cost of making the ex-gratia payments outlined above is estimated to be no more than £1.3 million.

Departmental Expenditure (Work and Pensions)

The Secretary of State for Work and Pensions (Mr. Peter Hain): Subject to Parliamentary approval of the necessary Supplementary Estimate, the Department for Work and Pensions Departmental Expenditure Limit will increase by £6,486,406 from £7,636,561,000 to £7,643,047,406 and the administration budget will increase by £17,880,000 from £5,798,484,000 to £5,816,364,000.

Within the Departmental Expenditure Limit change, the impact on resource and capital is as set out in the following table:

£000

	Change			*New Departmental Expenditure Limit*		
	Voted	*Non-voted*	*Total*	*Voted*	*Non-voted*	*Total*
Resource	53,139	-45,766	7,373	6,449,887	1,283,350	7,733,237
Of which:						
Administration	17,880	0	17,880	5,710,554	105,810	5,816,364
Near-cash	53,139	-45,766	7,373	6,238,517	1,332,008	7,570,525
Capital	-887	0	-887	63,780	395	64,175
Depreciation[1]	0	0	0	-153,023	-1,342	-154,365
Total	52,252	-45,766	6,486	6,360,644	1,282,403	7,643,047

[1] Depreciation, which forms part of resource Departmental Expenditure Limit, is excluded from the total Departmental Expenditure Limit since the capital Departmental Expenditure Limit includes capital spending and to include depreciation of those assets would lead to double counting.

Resource Departmental Expenditure Limit

The change in the resource element of the Departmental Expenditure Limit arises from:

Request for Resources 3

i. A HM Treasury reclassification of grant in aid of £1,093,000 paid to the Pension Protection Fund from capital to resource (grants).

Request for Resources 5

ii. A draw down of £6,000,000 from the Financial Inclusion Fund in respect of the Growth Fund (administration).

iii. A transfer of £280,000 from the Cabinet Office in respect of the expansion of the Parliamentary Counsel Office (administration).

Capital Departmental Expenditure Limit

The change in the capital element of the Departmental Expenditure Limit arises from:

Request for Resources 2

iv. A draw down of £206,406 from the Invest to Save Budget in respect of funding for the Single Homelessness Enterprise project (£191,406) and the Aspire project (£15,000).

Request for Resources 3

v. A HM Treasury reclassification of grant in aid of £1,093,000 paid to the Pension Protection Fund from capital to resource.

Administration costs

The movement in the Administration Cost limit arises from the changes to the Resource Departmental Expenditure Limit as noted in items i to iii above, plus:

vi. A transfer from other current to administration of £11,600,000,000 previously drawn down from the Housing Benefit Reform Fund to support the Rent Service.

Movements in non-voted expenditure

The reduction in non-voted resource expenditure is due to a reduction in the cost of administering National Insurance Fund benefit payments. This reduction is offset by an increase in voted resource due to an equivalent reduction in income from the HM Revenue and Customs to meet the cost of administering National Insurance Fund benefit payments:

Request for Resources 2

vii. A reduction in non-voted resource expenditure of £23,571,000 offset by an increase in voted resource expenditure of £23,571,000.

Request for Resources 3

viii. A reduction in non-voted resource expenditure of £12,105,000 offset by an increase in voted resource expenditure of £12,105,000.

Request for Resources 5

ix. A reduction in non-voted resource expenditure of £10,090,000 offset by an increase in voted resource expenditure of £10,090,000.

Written Ministerial Statements

Monday 19 November 2007

BUSINESS, ENTERPRISE AND REGULATORY REFORM

Commission on Environmental Markets and Economic Performance

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): My right hon. Friends the Secretaries of State for DEFRA, DIUS and I are publishing today the report to Government by the Commission on Environmental Markets and Economic Performance (CEMEP).

The CEMEP report describes how major economic opportunities are emerging from the growing imperative of climate change and how the UK can take a lead in seizing these opportunities and become the best place to do business.

The Government's response to the CEMEP will be published in 2008.

COMMUNITIES AND LOCAL GOVERNMENT

Local Government

The Minister for Local Government (John Healey): I have today published a summary of responses received in response to the Government's stakeholder consultation on proposals for future unitary structures in England, and placed a copy in the Libraries of both Houses.

On 27 March Ministers announced that of the 26 proposals received from authorities wishing to obtain unitary status, 16 proposals were judged to have at least a reasonable likelihood of achieving the outcomes specified by the criteria set out in our Invitation to Council. We issued a 12 week-consultation, "Proposals for Future Unitary Structures: Stakeholder Consultation", seeking views on the extent to which the 16 proposals, if implemented, would achieve the outcomes specified by the criteria in our invitation.

We are very encouraged by the very strong response to this consultation, which has provided us with a range of evidence and views that have helped to inform and clarify the Government's consideration of the proposals. I am also grateful to hon. Members for their continued and ongoing comments on unitary proposals in their areas.

On 25 July I announced to the House the nine unitary proposals that my right hon. Friend, the Secretary of State, was minded to implement, having considered all the available relevant information including the responses received in response to the stakeholder consultation.

Those proposals included Bedford borough council's proposal for a unitary Bedford. I explained that implementing that proposal meant that we must consider the future local government structures for the remaining county area, and that we intended formally to invite all the other councils in Bedfordshire to propose a unitary solution that would meet our five criteria for that remaining area.

Today the Secretary of State has invited Bedfordshire county council, Mid-Bedfordshire district council, and South Bedfordshire district council to make a proposal for future unitary local government structures for that remaining area. This invitation, made under the Local Government and Public Involvement in Health Act 2007, provides that a proposal may be submitted by a single council or jointly by two or more councils, and that any proposal should be received by 17 December 2007.

We have also today issued guidance to those councils, to which they are required by the Act to have regard when responding to the invitation.

The guidance sets out the outcomes any proposal should seek to achieve and matters which the councils should take into account in formulating any proposal. These matters include Bedford borough council's unitary proposal which I told the House on 25 July we were minded to implement. At that time I also explained that we were asking that council to undertake further work and submit additional information on the financial viability of their proposal. On the basis of a preliminary assessment of the additional information and representations that we have now received from the council and others, the Secretary of State remains minded to implement Bedford borough council's proposal.

We are satisfied that the remaining area of Bedfordshire needs unitary local government to complement any unitary Bedford council. This invitation is an opportunity to propose the creation of a new unitary council which will promote that area's prosperity, empower its people and communities, and ensure the delivery of high quality local public services to all who live and work there.

I have also placed a copy of the invitation and guidance to the county and district councils of Bedfordshire in the Libraries of both Houses, and these documents can also be found on the website of the Department for Communities and Local Government at: http://www.communities.gov.uk//publications/localgovernment/unitarystructures

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Carbon Emissions Reduction Target (2008-11)

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): On 23 May 2007, Government published its consultation on the Carbon Emissions Reduction Target (CERT), previously referred to as EEC 3. In that consultation the Government proposed to impose the CERT mechanism to 2011 at around

double the level of activity of the current EEC 2005-08. It proposed to extend its scope to include, in addition to energy efficiency measures, microgeneration and other measures for reducing the consumption of supplied energy. It proposed to introduce new approaches for innovation and flexibility and to maintain a focus on low-income consumers.

Following this consultation the Government have been taking account of the responses received, alongside further analysis, to finalise the framework for the CERT. Our intention remains to double the level of activity required by energy suppliers in order to deliver overall lifetime carbon dioxide savings of about 154 $MtCO_2$, equivalent to annual net savings of 4.2 $MtCO_2$ by 2010.

A CERT of this level will deliver significant energy saving benefits to householders, with about 8 million householders likely to benefit directly. The CERT will also offer new support for a wide range of innovation with particular incentive for microgeneration activity, potentially supporting about £200 million worth of activity.

We intend to announce further details and lay the relevant Statutory Instrument before Parliament shortly.

HOME DEPARTMENT

Justice and Home Affairs Council

The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier): The Justice and Home Affairs (JHA) Council was held in Brussels on the 8-9 November 2007. My right hon. Friend, the Lord Chancellor and Secretary of State for Justice, my hon. Friend the Parliamentary Under-Secretary of State, Ministry of Justice (Bridget Prentice), the Solicitor General for Scotland (Frank Mulholland) and I attended on behalf of the United Kingdom. The following issues were discussed at the Council.

The Council opened with a lunch for Interior Ministers where the presidency reported on the work of the Future Group on home affairs following the meeting of Interior Ministers in Madeira on 28 and 29 October, including immigration; information-sharing (including SIS); internet access; counter-terrorism; and justice. The group had stressed the need to look at enhancing the operability of existing databases, rather than the creation of new ones. The Commission noted that a key issue for the Future Group was the desire for more integrated management of the EU's external borders and to see a need for an integrated EU returns policy. They also stressed the need for better coordination between Ministries of Justice and Home Affairs in relation to counter-terrorism.

The Council began with the mixed committee which included Norway, Iceland and Switzerland. Work will continue to find a compromise on the directive for returning illegally staying third country nationals.

The expansion of the Schengen area to the new member states was welcomed. The presidency emphasised the importance of Schengen and acknowledged the efforts that had been made by the new member states to meet the Schengen acquis and the efforts of the Portuguese team in driving forward SISOne4All. The formal decision on evaluation will be taken at the December Council after the European Parliament has voted.

The presidency noted that Schengen Information System (SIS) II remained the priority and SISone4All was not the end of the process. The Commission said they continued making good progress on the central SIS system. Most member states are now connected to the SIS II network and so can make use of the central testing facilities. By mid-January it should be possible to assess the legal, financial and technical detail of implementation in detail. Slovenia said that that SIS II would be a top priority for its presidency.

The presidency reported that a bidding process had been undertaken to ensure there would be no break in the service of the SIS Communication Network.

A general approach was reached on the Data Protection Framework Decision. The presidency emphasised the importance of data sharing and of protection of personal data and the need to bring this work to a close after two years of negotiations. The UK welcomed the text and called for swift resolution of the remaining minor issues while retaining its parliamentary scrutiny reserve.

The main agenda began with a discussion of interior issues. Progress was made on chapters 2 and 3 of the Europol Council decision on the collection and storage of data. The presidency indicated that they would take some or all of the outstanding issues on the Council decision to the December JHA Council. The Europol implementation plan was adopted to set out the steps and timescales for the introduction of Community Financing for Europol from January 2010.

Subject to parliamentary scrutiny reserves, a general approach was reached on the Prüm Implementing Agreement which will put into practice the Prüm arrangements for the exchange of data on fingerprints, DNA and vehicle registration contained in the original Council decision agreed in June. The presidency will now convene a technical group to consider the technical annex to the agreement.

The presidency also welcomed a general approach, subject to parliamentary scrutiny reserves (including the UK), on the Council decision on the Special Intervention Units in crisis situations. They will operate on a voluntary basis and will make financing the Atlas network easier. The "ATLAS network" is an informal cooperation structure between special intervention units in the European Union. This draft decision will be a positive step forward for many member states who do not possess a great deal of experience in such scenarios and will formalise the current practice whereby specialist UK police units endeavour to share best practice with police forces across Europe. The voluntary nature of the proposal means that while the impact on the UK will be minimal other member states with limited capacity to deal with crises may derive significant benefit from it.

The Commission presented their latest proposals on legal migration (two draft directives proposed in October). They set out the poor performance of the EU in attracting highly qualified workers in comparison to the US and Canada. The "blue card" directive on the conditions of

entry and residence of highly skilled workers was introduced to improve this by reducing competition between member states. The Commission emphasised that this was not a quota system and that member states would make the decision on entry. The proposals were generally welcomed but some noted concerns. The presidency promised a longer discussion at the December Council.

In reporting the outcome of the EU-Western Balkans Ministerial Forum on Justice and Home Affairs in Brdo on 4 and 5 October, the presidency reported good progress on document security and border management from the Western Balkan countries. There was less optimism on police and judicial cooperation and organised crime and corruption. Slovenia announced that organised crime would be a priority under its presidency.

An EU-LAC (Latin, American and Caribbean) seminar will take place in May 2008 in Lima and will focus on migration. The Commission reminded the member states of the importance of close co-operation with countries with whom the EU had common cultural and language ties such as Latin America.

At the start of the second day Justice Ministers reached a political agreement on the mediation directive. The UK congratulated the presidency on its efforts regarding this important measure for citizens.

There followed a lengthy exchange of views on the draft framework decision on the mutual recognition of suspended sentences and alternative sanctions. The Justice Secretary and the Scottish Solicitor-General intervened to emphasise the need for proportionality and to make it clear that the issuing state had discretion not to transfer sentences to states that were unable to take on full responsibility for both supervision and enforcement, and to argue that the instrument should respect the rights of victims. The presidency concluded that there had been broad agreement to the compromise package and it was positive about a successful outcome in December.

Council conclusions on Cybercrime were adopted. The Commission outlined its intention to establish a "European cybercrime training platform" with the Police College (CEPOL) and Europol. It also wants to prepare in early 2008, with member states and the private sector, a European code of conduct for public-private cooperation. It also confirmed that its report on implementation of the framework decision on attacks against information systems was due in early 2008.

Council conclusions on the Trafficking of Human Beings were also adopted. Some member states called for further work on this. The Commission will produce a questionnaire dealing with the protection of victims and details of implementing measures in member states. It will then produce a manual to help member states evaluate their progress in the fight against trafficking.

The Council was closed with a working lunch for Justice Ministers who listened to a presentation and had a first exchange of views on the implications of the ruling of the European Court of Justice on ship source pollution in relation to Community competence in criminal law matters.

The next JHA Council will be held in Brussels on 6 and 7 December.

JUSTICE

Land Registry

The Minister of State, Ministry of Justice (Mr. Michael Wills): Land Registry will today launch a formal consultation exercise to seek views on proposals for a new order to add two new "triggers" for compulsory registration of title and provide for the effect on non-compliance with the duty to apply for registration in relation to the first of those triggers. Copies of the consultation document have been placed in the Libraries of both Houses. Copies have also been placed in the Vote Office and Printed Paper Office. Copies are also available on the internet at:

http:/www.consultations.landregistry.gov.uk/inovem/consult.ti/system/listConsultations?type=0

Under the Land Registration Act 2002, when certain events affect an unregistered legal estate in land, the owner must apply to Land Registry for first registration of his title. Such events are often referred to as "triggers".

The purpose of the proposed order is to add to those events already listed in section 4 of the Land Registration Act 2002 the following events as triggers for compulsory registration:

the appointment of a new trustee of land held in trust where the land vests in the new trustee by deed or other instrument in writing or by a vesting order of the court and

the partitioning of unregistered land held in trust amongst the beneficiaries of the trust.

The proposals are intended to help create a land register that is as comprehensive as possible and thus make transactions in land and property in England and Wales simpler and more efficient.

Subject to the outcome of the proposals, it is anticipated that the order would be made during 2008.

NORTHERN IRELAND

Robert Hamill Inquiry (Legal Costs)

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): On 1 April 2004 my right hon. Friend the Member for Torfaen (Mr. Murphy) announced the Government's intention to establish public inquiries into the deaths of Robert Hamill, Rosemary Nelson and Billy Wright, following reports by Mr. Justice Cory.

In his statement to the House that day my right hon. Friend said:

"We will, of course, take all reasonable steps to control costs in the inquiries that I have announced today, including capping legal costs where appropriate" 1 April 2004, *Official Report*, column 1757.

In line with that statement, my predecessor and right hon. Friend the Member for Neath (Mr. Hain) subsequently agreed a number of measures to ensure that the inquiries would, while having the resources to establish the full facts in each case, operate in a cost-effective manner. These measures included maximum hourly rates payable

for publicly funded legal representation by counsel and solicitors; and a 40-hour cap on hours that might be claimed in any given week. The chairmen of all three inquiries have taken the need to ensure that the inquiries operate in a cost-effective manner seriously, and I am grateful to them for that.

The inquiry considering the death of Robert Hamill is now underway under the chairmanship of Sir Edwin Jowitt. Following representations from him my predecessor granted his request to be converted into an inquiry under the Inquiries Act 2005 under section 15 of that Act.

Section 40(4) of the Inquiries Act contains a power for a Secretary of State to place conditions or qualifications on any awards that the chairman of the inquiry may make under section 40(1) and 40(2) in respect of compensation, expenses or legal representation. After discussions with the inquiry, I have decided today to issue the following notice of determination under section 40(4) in respect of awards for legal representation. This notice will not alter the substance of those sections of the inquiry's costs protocol concerned with the award of funding for legal assistance, but it will reinforce the limits on hourly rates that may be claimed by legal representatives.

A similar notice has been issued in relation to the Billy Wright inquiry following that inquiry's request to my predecessor to be converted under the Inquiries Act.

These measures, which will help ensure continued value for money, have been discussed with the chairman of the inquiry and I know will have the support of hon. and right hon. Members and the general public.

Notice of Determination by the Secretary of State for Northern Ireland to the Chairman of the Robert Hamill Inquiry Under Section 40(4) Of The Inquiries Act 2005

The Secretary of State for Northern Ireland has determined under section 40(4) of the Inquiries Act 2005 ("the Act") that the power of the Chairman of the Robert Hamill Inquiry to award amounts in respect of legal representation under section 40(1) and (2) of the Act to persons eligible for an award under section 40(3) shall be subject to the qualifications and conditions set out below, which supplement and are in addition to the terms and conditions in the costs protocol on the public funding of legal assistance published by the Inquiry on 19 November 2007.

2. The qualifications and conditions are:

(a) The maximum, hourly rates for counsel and solicitors shall be:

Leading Counsel (whether a member of the Bar or a solicitor acting in the role of advocate) £200;

Junior Counsel (whether a member of the Bar or a solicitor acting in the role of advocate) £100;

Solicitors £150.

(b) The maximum number of hours that can be charged in respect of each member of a legal team in receipt of an award made by the chairman under section 40(2) of the Act shall be 40 hours per week, save that, exceptionally, the chairman of the inquiry may authorise an increase in the weekly cap to 60 hours for counsel or a solicitor during the oral hearings and for a two month period before they commence where he is satisfied that such action is justified, for example, where the work involved in any week clearly needs to exceed 40 hours.

3. In respect of paragraph 2 (b) of this notice:

(i) no unused hour in any week may be set off against any other week;

(ii) a week should be taken as commencing on Monday and ending on Sunday.

Written Ministerial Statements

Tuesday 20 November 2007

TREASURY

2007 UK Convergence Programme

The Economic Secretary to the Treasury (Kitty Ussher): Copies of the 2007 UK Convergence Programme have been deposited in the Libraries of both Houses.

BUSINESS, ENTERPRISE AND REGULATORY REFORM

Employment Agencies and Employment

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): The Government have laid the Conduct of Employment Agencies and Employment Businesses (Amendment) Regulations 2007 in Parliament for debate in the House of Commons and the Lords. These regulations amend the Conduct of Employment Agencies and Employment Businesses Regulations 2003.

These amending regulations make further provision for the proper conduct of employment agencies and employment businesses; they increase protection for work-seekers, reduce certain regulatory burdens on employment businesses and also make minor clarifications to the 2003 regulations.

The Government published a consultation paper on "Protecting Vulnerable Agency Workers" at the beginning of the year. This consultation paper followed up the commitment to take forward measures identified in the Success at Work, the Government's 2006 labour market strategy paper.

Measures set out in the consultation document included giving work-seekers a clear right to withdraw from accommodation, transport or other services provided by an agency without suffering any detriment, and banning the taking of fees at casting sessions held by talent-spotting agencies, and possibly for up to a week afterwards, to give would-be entertainers and models the protection of a cooling off period. We are now taking these proposed measures forward into legislation following widespread support from those who responded to the consultation paper.

We are also introducing a measure, proposed in the consultation paper, to ease administrative burdens on employment businesses, by reducing the information requirements where they provide workers for very short assignments, of less than five days duration.

In the consultation the Government made clear its aim that amendments to the existing regulations should come into force in April 2008.

The South West of England Regional Development Agency

The Minister for Competitiveness (Mr. Stephen Timms): I have decided to appoint the new board members listed as follows.

Ellen Winser

Brian Robinson

The new appointments will all be for a period of three years.

I have also decided to re-appoint Nick Buckland for a further period of three years.

The appointments will begin on 14 December 2007 and will expire on 13 December 2010.

I have placed further details of the new appointments in the Library of both Houses. They were all made in accordance with the code of practice of the Commissioner for Public Appointments.

Biographies for those appointed

Ellen Winser—After 25 years in the City where she was the first woman to be taken into partnership by a London firm of stockbrokers (James Capel and Co.) and one of the first women members of the Stock Exchange, Ellen went off long distance sailing with her husband in 1990. In the next five years they visited 40 countries and sailed 50,000 miles. On return Ellen became involved with a variety of organisations in Cornwall and was also chairman of Liontrust Asset Management plc from 1996 to 2004. She is now Chairman of the Governors of Truro College and is also Chairman of the Trustees of the National Maritime Museum Cornwall, a governor of the University of Plymouth and a director of Pendennis Shipyard Ltd. She was Chairman of Sutton Harbour Holdings plc from 1997 until earlier this year and was a director/trustee of Cornwall Care Ltd. for eight years. She became a Deputy Lieutenant for Cornwall in 2003.

Brian Robinson—Has a track record developed in the financial services sector initially as an underwriter and then switching to marketing where he played a key role in the merger of Eagle Star Insurance and Zurich Financial Services. More recently he has turned his efforts to the SME sector, starting a Marketing and Risk Consultancy in 2002 and a Credit Management Software Company in 2004.

He was elected to the Forest of Dean District Council in May 2007 and was appointed Chairman of the Corporate Scrutiny and Review Committee and in December he joins the cabinet with a portfolio of Efficiency and Finance. He is a Fellow of the Chartered Insurance Institute and Chartered Institute of Marketing.

Nick Buckland—Has spent 20 years working as a senior manager in the UK IT industry, mainly for US companies. In 1996 he took a career change taking an interest in a number of activities. He holds a number of non-executive directorships in a variety of companies including a veterinary clinical pathology laboratory, an

integrated marketing company, an IT integrator and a rural tourism company. He is Chairman of Tamar Science Park and is Managing Partner of an IT headhunting organisation, and sponsorship management consultancy. He represents the RDA on the Devon and Cornwall Learning and Skills Council and is a member of the BERR Technology Strategy Board. He is an observer on the Regional Science and Industry Council.

He also sits on the boards of Finance Cornwall, Finance South West, Cornwall Enterprise and is a Governor of Plymouth University. He has a BSc in Mathematics, is a Fellow of the British Computer Society, the Institute of Mathematics and its Applications and the RSA. He is also a member of the Chartered Management Institute, the Institute of Directors and the Royal Institution. He is a Chartered Engineer, Chartered Information Systems Practitioner and a European Engineer.

FOREIGN AND COMMONWEALTH OFFICE

Commonwealth heads of Government Meeting (Kampala - November 2007)

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): The Commonwealth Heads of Government will hold their biannual meeting in Kampala on 23 and 25 November 2007.

The purpose of this statement is to inform the House about the Government's objectives for the meeting.

The Commonwealth today is as important to the UK as ever. That is why the Prime Minister and four other members of Government—the Secretary of State for International Development, Baroness Vadera, Lord Malloch-Brown and I—will attend the Heads of Government meeting. It is a group of countries which cuts across traditional regional, economic groupings and, with a fundamental set of principles in common, is well placed to take action and move the debate forward on issues of critical, global importance. Its strengths are the democratic values it shares and its willingness to scrutinise its members and hold them to account; the size of its constituency, with over a quarter of the world's population living in Commonwealth nations; and its diversity.

The Government are optimistic about what can be achieved at CHOGM. We will be seeking outcomes, in particular, that will give positive impetus to the climate change debate, re-focus attention on the millennium development goals, promote education for all and recognise the vital importance of trade to all Commonwealth members.

Uganda's chosen theme for CHOGM—"Transforming Commonwealth societies to achieve political, economic and human development", fits well with UK priorities. Climate Change, the Millennium Development Goals, Trade, and Education issues must be urgently addressed if the poorest Commonwealth countries are to fulfil their potential.

CHOGM will also provide the platform for valuable discussion on other issues of common concern, including extending Commonwealth membership and working to fight radicalism and intolerance.

Specific outcomes that the Government hope to achieve from CHOGM include the following:

Climate Change: CHOGM, coming just a week before the UN meeting in Bali, provides an excellent opportunity to underline the scale and urgency of the climate threat. We hope Commonwealth Heads will send an unequivocal message that to achieve climate security we need a high-ambition, UN-based global framework with developed countries taking on binding emission reduction commitments. We also hope Heads will agree to ensure that all Commonwealth countries, particularly the poorest and most vulnerable, can assess the implications of climate change for their economies.

Millennium Development Goals: Four Commonwealth countries, India, Ghana, Canada and the UK, have already signed the 31 July Call to Action Declaration. We hope that Commonwealth countries will agree that a wide group of international stakeholders must take urgent action to get the Commonwealth and the world back on track to meet these goals. We also hope they will urge the UN Secretary-General to convene a UN meeting in 2008 that brings together Heads Of Government with leaders from the private sector, civil society and faiths to recommit to and accelerate the action that is needed.

Education: Within the Commonwealth there are about 30 million children of primary school age who are not enrolled in education. We want the Commonwealth to accelerate and sustain access to primary education for all, including working to eliminate gender disparities in education. We will be urging Heads of Government to endorse the agreements made at the Commonwealth Education Ministers' meeting in Cape Town in December 2006. Our objective is that Commonwealth countries will place a renewed emphasis on education quality at all levels, and the measurement and improvement of learning. Together we will examine how we can make demonstrable progress on vital literacy, counting and writing outcomes for primary aged children.

Trade: We will urge our Commonwealth counterparts to join us in calling for the early, pro-development conclusion of the Doha Round, which will benefit the poorest of the Commonwealth countries. We will also be calling on all CHOGM countries in a position to do so to extend Aid for Trade to Commonwealth developing countries. Aid for Trade projects are often best done at a regional level between trading neighbours and the Commonwealth is well placed to support such regional co-operation.

The Commonwealth is rightly proud of the values that define it. Its preparedness to scrutinise members in serious or persistent violation of the Harare Principles is a useful tool in bringing governments to account. CHOGM will focus international attention on Uganda. During CHOGM UK Ministers will raise progress in the Northern Uganda peace process with the Ugandan Government, as well as internal governance and human rights.

The Government are also deeply concerned by situation in Pakistan. CMAG has sent a clear message. The Government hopes that Pakistan will send the right response before CHOGM.

Middle East

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I visited Israel, the Occupied Palestinian Territories and Egypt between 17 and 20 November. I met Presidents Abbas and Peres, Prime Ministers Olmert and Fayyad, Foreign Ministers Livni, Malki and Aboul Gheit as well as French Foreign Minister Kouchner, Ministers Barak and Suleiman, the Arab League Secretary General Amr Moussa, and the leader of the Likud Party, Benjamin Netanyahu. I also heard different perspectives from students, business people, university directors and deans, journalists and civil society activists. I spoke to them all about the current situation in the region, the prospects for progress towards a just and lasting settlement of the Middle East conflict, preparations for the forthcoming Annapolis meeting, the post-Annapolis process, and how the UK can contribute.

The bedrock of our approach on the Middle East Peace Process is threefold—first, to be unstinting in our support for the principle of a two-state solution; second, to give every support to all those who are committed to peaceful progress in the region; and third, to support economic, institutional and social development across the OPTs. The focus now must be on: maximising consensus for a positive outcome at Annapolis; launching a process of negotiations between the parties that makes real progress during 2008 towards the shared goal of a viable Palestinian state next to a secure Israel; and developing practical contributions from international partners towards economic, social and security goals.

I do not underestimate the difficulties but my firm conclusion is that there is now a real opportunity for making progress. The leadership commitment of Israel and the Palestinian Authority, the full engagement of the US, the important Arab Peace Initiative, and the united support of EU countries, are all key components of progress. I was impressed by the level of seriousness on all sides. I urged all my interlocutors to seize the opportunity that Annapolis represents—a political horizon to break the freeze that has existed for several years.

We are working closely with our international partners to support the Annapolis process, led with real determination by the US. As the Prime Minister has noted, the road from Annapolis will be as important as the road there. Although as both sides have made clear, it is for them to negotiate the details of a two-state solution, the international community has offered its support and encouragement and the UK stands ready to help them move forward.

For the UK this means supporting the Palestinian leadership of Mahmoud Abbas and Salam Fayyad in two key areas: security and economic development.

Security is fundamental to a just solution. I visited Jericho to see the EU's civil police training mission (EU COPPS), a mission initiated by the UK which underlines our continuing commitment to enhancing the security capacity of the Palestinian Authority. I am pleased that the UK has been able to increase its commitment by £1.2 million. We are also working closely with General Dayton, the US Security Co-ordinator, and his team including through the provision of additional security advisers.

Economic development is crucial in building a viable Palestinian state. The Prime Minister announced last week a commitment of up to $500 million to Palestinian development, conditional on progress towards peace and creating the necessary conditions. We are working closely with Tony Blair, who announced the first major projects yesterday. His work will be central to delivering a future Palestinian state with strong institutions and a robust economy. We are preparing for the Donors Conference to be hosted by France in Paris on 17 December.

The humanitarian situation in Gaza continues to give cause for concern. We recognise Israel's security dilemma, and deplore the rocket attacks that endanger Israeli citizens. It is equally imperative that measures in response be consistent with international law and not cause suffering to innocent civilians. We have made clear our determination to continue supporting all the Palestinian people. In addition to the significant sums we have just pledged, the UK provided in 2007: (i) £100 million over the next five years to UNRWA; (ii) an additional £1 million bilateral contribution to the Red Cross' work in the West Bank and Gaza; and (iii) £15 million through the Temporary International Mechanism. Restrictions on movement and access, both through the crossings into Gaza and the restrictions in the West Bank, have serious economic, social and security consequences that require the urgent attention of the Palestinian Authority and Israeli Government.

Over the next week I will continue to urge all parties to take decisions which create the conditions and confidence for a successful conference and follow-up. I welcome the statement of Prime Minister Olmert yesterday about settlements and outposts. I look forward to further commitments from all those concerned with this conflict to make a practical and political contribution to a meaningful process of negotiations. Such a process is vital to regional and global stability. The UK will play its full part in this drive.

INTERNATIONAL DEVELOPMENT

Bangladesh (Cyclone Sidr)

The Secretary of State for International Development (Mr. Douglas Alexander): Tropical cyclone "Sidr" hit Bangladesh on 15 and 16 November. The death toll is uncertain but likely to rise to about 10,000 people. Some 300,000 houses have been destroyed. Many crops have been destroyed and large tracts of agricultural land damaged. This will make livelihoods for hundred of thousands of farmers difficult for at least the next six months. Government and relief organisations are providing emergency relief in the affected areas. In total, around US$ 25 million has been promised to the Government and NGOs from the international community.

Although the cyclone has had a devastating impact on people, the casualties and damage would have been much worse without the early warning system and

contingency measures taken by the authorities. The Government of Bangladesh have acted promptly to bring relief to the affected people and the UK is glad to be supporting this response.

The Department for International Development has announced a contribution of £2.5 million for immediate cyclone relief efforts. The money is being channelled through the UN, and will help provide food, water, medical treatment, and housing repairs. A rapid UN assessment is being completed in the next 48 hours. We will consider our response to additional needs identified, monitor delivery in conjunction with the UN and help the Government of Bangladesh. Further funding will be considered over the next few months.

JUSTICE

Government Response to the Committee on Standards in Public Life's Eleventh Report 'Review of the Electoral Commission'

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I have today published the Government response to the Committee on Standards in Public Life's eleventh report "Review of the Electoral Commission" (Cm 7272).

On behalf of the Government, I would like to thank the former Chairman, Sir Alistair Graham, interim Chair, Rita Donaghy, and members of the Committee on Standards in Public Life for their hard work in conducting a review of the Electoral Commission and producing a detailed and stimulating report. The Government are grateful to the Committee for thoroughly examining the issues and making recommendations for improvement. This was a useful review marking some six years since the Electoral Commission was created.

Some of the Committee's recommendations are directed at Government, while others are directed at the Electoral Commission and the Speaker's Committee. The Electoral Commission and Association of Electoral Administrators published responses in March and April respectively. The Speaker's Committee published its response to the recommendations relevant to it in August. The Government have carefully considered and taken into account the views of these and other interested parties before publishing their own response.

The Government are committed to a strong, effective and independent Electoral Commission, and are keen to take forward recommendations which they believe will enable the Electoral Commission to more effectively carry out its dual role as regulator of party funding and campaign expenditure, and electoral administration.

The importance of a proactive, focused and effective Electoral Commission, acting as a strong regulator is vital to protecting and enhancing the health of our democratic system.

The Government are committed to working with the Electoral Commission and other relevant bodies to put in place necessary arrangements and legislation to assist the Electoral Commission in improving its overall effectiveness.

OLYMPICS

Legacy Trust

The Minister for the Olympics (Tessa Jowell): Legacy Trust will be formally launched today.

Legacy Trust has been established to help to ensure a celebration of the London 2012 Olympic Games and Paralympic Games across the United Kingdom and to help create a lasting legacy.

The trust will use £40 million funding endowed by the Department for Culture, Media and Sport (£6 million), the Art Council England (£5 million), the Big Lottery Fund (£5 million), and the Millennium Commission (£24 million—since been transferred to the Big Lottery Fund) to deliver a programme of cultural and sporting activities at local, regional and national level. The trust will form partnerships with organisations that will deliver the supported programmes.

Following an open competition, the Legacy Trust proposal submitted by a consortium of five organisations, was selected as the preferred candidate. The consortium created an independent Charitable Trust (known as Legacy Trust UK), and a Corporate Trustee (known as Legacy Trust UK Ltd.). The corporate trustee is a company limited by guarantee. It worked up a full business case, which the funding bodies were content with. The funding has recently been transferred. It will start operating immediately, and distributing the bulk of the funds from 2008 onwards.

The trust plans to support a small number of national programmes, including the UK School Games, the Big Arts Week (working title) and the World Festival of Youth Culture (working title). The remainder of the endowment will be distributed throughout the three nations (Scotland, Wales and Northern Ireland) and nine English regions. In doing so, it will work closely with the London Organising Committee for the Olympic Games and Paralympic Games (LOCOG).

TRANSPORT

Crossrail Bill: Publication of Command Papers

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): At the Third Reading of the Crossrail Bill, this House will be asked to approve the Bill and, in so doing, give its approval to the building of Crossrail. Under the Environmental Impact Assessment (EIA) Directive, decision-making bodies are required to consider the environmental effects of projects when deciding whether or not they should be allowed to proceed. To assist the House in its consideration, the Government has today published a Command Paper entitled "Government Overview of the Case for Crossrail and Its Environmental Impacts" (Command Paper 7250). The Command Paper summarises the work done to assess, control and mitigate the environmental impacts of Crossrail, and

explains why the Government continue to take the view that the Crossrail project is worthy of its support. It also contains a list of other relevant documents and where they may be found.

We have also published today a Command Paper containing further responses following consultation on the Crossrail Bill Environmental Statement (Command Paper 7249: Further responses to the Government's Consultation on the Crossrail Bill Environmental Statement). To obtain an overall picture of the responses received, Members should also consider Command Paper 6603 (Responses to the Government's Consultation on the Crossrail Bill Environmental Statement) which was published in July 2005.

Copies of Command Papers 7249 and 7250 are available in the Library of the House. They can also be found on the Department for Transport website at: www.dft.gov.uk

Written Ministerial Statements

Wednesday 21 November 2007

BUSINESS, ENTERPRISE AND REGULATORY REFORM

EU Competitiveness Council (Brussels)

The Minister for Competitiveness (Mr. Stephen Timms): I will be attending the EU Competitiveness Council in Brussels on 22 November.

The main substantive item will be an "integrated approach to competitiveness" covering industry policy, e-skills, small and medium-sized enterprises, succeeding in the age of globalisation, and European competitiveness. This will compromise the presentation of communications from the Commission, adoption of Council conclusions, and will be followed by an exchange of views on all five items. The UK will argue strongly in favour of a presumption towards openness when developing the EU's external policies.

Further agenda items for which BERR is responsible are:

Better regulation (progress report followed by an exchange of views). This will be an opportunity for Ministers to debate the issue of how to improve legislation coming from Europe in advance of a review by the European Commission early next year, which will look at better understanding the economic impact of regulation, better consultation and keeping red tape to a minimum.

Communication from the Commission on a

"simplified business environment for companies in the areas of company law, accounting and auditing"

(adoption of Council conclusions). The UK will look to agree the text of conclusions, offering strong support for the Commission's simplification programme for company law.

Communication from the Commission on

"enhancing the patent system in Europe"

(progress report followed by an exchange of views). The Portuguese presidency has laid solid foundations for further work towards a European patent court and the UK welcomes their efforts, but, as their report recognises, further work needs to be done to ensure the creation of a high-quality, efficient and affordable jurisdiction that delivers clear benefits to innovative businesses in Europe.

Proposal to amend the timeshare directive (progress report followed by an exchange of views). The UK is pleased with progress to date and hopes to see further progress in resolving the remaining issues.

Communication from the Commission on "Agenda for sustainable and competitive European tourism" (presentation by the Commission followed by adoption of Council conclusions). The UK supports the Commission policy paper and conclusions, which recognise the importance of the development of tourism as a competitive economic activity, the need to balance this with environmental and social aims, and respond to the aims set out by the Lisbon agenda.

There will be nine further items taken under any other business:

Review of the Single Market (Information from the Commission)

Free movement of goods (Information from the presidency)

Classification, labelling and packaging of substances and mixtures (Information from the presidency)

Events during the Portuguese presidency (Information from the presidency)

The Internet of Things (Information from the presidency)

Product safety (Information from the Commission)

Services of general interest (Information from the Commission)

Trade defence instruments (Information from the Commission)

Legal protection of designs (Information from the presidency)

DEFENCE

Winter Supplementary Estimates (2007-08)

The Secretary of State for Defence (Des Browne): My written ministerial statement of 15 November 2007, *Official Report*, Vol. 467, c. 68-69WS, contained an error in the opening paragraph. The correct text is:

Subject to Parliamentary approval of the necessary Supplementary Estimate, the Ministry of Defence Departmental Expenditure Limits (DEL) will be increased by £2,033,379,000 from £33,561,172,000 to £35,594,551,000.

HEALTH

Patient Satisfaction (NHS Cleanliness)

The Secretary of State for Health (Alan Johnson): Patients rightly expect high standards of cleanliness and hygiene in all National Health Service settings.

Today, the National Patient Safety Agency (NPSA) is publishing information on the 2007 inspection results of the Patient Environment Action Teams. In 2000, we introduced Patient Environment Action Teams (PEAT), which, each year, assess every in-patient health care facility in England with more than 10 beds. The inspection looks at issues of hospital cleanliness, the quality of the environment, food and at issues of privacy and dignity.

Figures published today by the NPSA show that in 2007, 98 per cent. of hospitals were rated excellent, good or acceptable: up from 95 per cent. in 2006. This is against a more rigorous process in 2007 than for 2006 for the inspection process for PEAT.

The full data are available from the NPSA website http://www.npsa.nhs.uk/peat.

As part of our drive to improve cleanliness further, my Department recently announced a deep clean of all our hospitals to supplement ongoing cleaning. My Department is making available further information on the funding to support the deep clean of the NHS at regional level. The following table outlines the indicative spending intentions for each SHA area. All trusts will have to submit detailed deep clean plans, including costs to their primary care trusts and strategic health authorities. Foundation trusts will also be invited to agree plans and funding for additional deep cleaning with local commissioners. Trusts are aiming to complete all deep cleans by 31 March 2008.

SHA	*2007/08 Expenditure intentions, £m*
North East	3
North West	6.4
Yorkshire and Humber	5
East Midlands	7
West Midlands	9.9
East of England	4.2
London	8
South East Coast	5.4
South Central	3.5
South West	5.1
Total	57.5

HOME DEPARTMENT

Animal Procedures Committee (Annual Report)

The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier): In accordance with Section 20(5) of the Animals (Scientific Procedures) Act 1986, I have placed the Committee's annual report for 2006 in the Library today. Among other things the report includes:

the work carried out by the Committee's sub-committees;

the advice offered by the Committee on a project licence application that was referred to the Committee for advice;

acceptance of overseas centres supplying non-human primates to UK laboratories: a report by the Primates sub-committee of the Animals Procedure Committee;

the completion and publication of our review of Schedule 1 to the Animals (Scientific Procedures) Act 1985: Appropriate methods of humane killing;

the publication of an update for the housing and care of animals used in scientific procedures, an aide-mémoire for users and staff comparing proposed changes to European legislation to existing UK codes of practice;

the publication of a report of the Education and Training Sub-committee on modular training for the use of animals in scientific procedures;

the report concludes with the Committee's work plan for 2007.

INNOVATION, UNIVERSITIES AND SKILLS

EU Competitiveness Council (Brussels)

The Minister for Science and Innovation (Ian Pearson): I am pleased to confirm the agenda items for which DIUS is responsible, at the forthcoming EU Competitiveness Council on 23 November in Brussels. The Council will be chaired by Mr. Gago, Portuguese Minister for Science, Technology and Higher Education. I will be attending.

There are seven substantive agenda items:

political agreement on compromise text on a proposal for a Regulation of the European Parliament and the Council establishing the European Institute of Technology (BIT), before the European Parliament Second Reading;

a possible general approach on Council Regulations establishing Joint Undertakings to implement Joint Technology Initiatives (JTIs) for Innovative Medicines (IMI); Aeronautics and Air Transport (Clean Sky); Embedded Computing Systems (ARTEMIS) and Nanoelectronics (ENIAC), with the view to move to agreement on these regulations later in the year. The UK supports the objectives of these JTIs which we see as important for engaging UK businesses in European research and would like to see them launched by the end of this year;

a possible general approach on a proposal for a European Parliament and Council Decision on the Ambient Assisted Living initiative. The UK is supportive of the general aims of AAL and the Technology Strategy Board is intending to participate in the initiative;

possible adoption of Council on The Future of Science and Technology in Europe;

possible adoption of Council on Scientific information in the digital age: access, dissemination and preservation. The UK supports the subject to securing satisfactory text on the issue of pricing;

possible adoption of a Council Resolution on modernising universities for Europe's competitiveness in a global knowledge economy;

possible adoption of draft Council on the implementation of the nanosciences and nanotechnologies Action Plan for Europe. The UK supports the conclusions.

There will be two further items taken under Any Other Business:

(i) proposal for a European Parliament and Council Decision for a Joint National Research Programme (Article 169 of the Treaty Initiative) on Research Performing SMEs (EuroSTARS) (Information from the Presidency and the Commission on the state of play);

(ii) proposal for a Council Regulation setting up the Fuel Cells and Hydrogen Joint Undertaking. (Presentation by the Commission)

Written Ministerial Statements

Thursday 22 November 2007

TREASURY

Budget ECOFIN

The Economic Secretary to the Treasury (Kitty Ussher): Items on the agenda are as follows:

Preliminary Draft Amending Budget No. 7 for 2007—Finance Ministers will be invited to adopt Preliminary Draft Amending Budget 7. This would amend the 2007 budget to reflect latest implementation capacity.

Letter of Amendment No. 2 to the Preliminary Draft Budget for 2008—Finance Ministers will be invited to adopt amending letter 2 to the Preliminary Draft Budget for 2008. The letter reflects latest information on agricultural prices and other developments influencing future implementation capacity.

Draft Budget for 2008—The Council will look to agree their second reading of the 2008 Draft Budget and finalise figures for compulsory expenditure (mainly agriculture), in preparation for the subsequent Conciliation with the European Parliament. The UK will seek a budget that respects the principles of budget discipline and sound financial management and reflects realistic forecasts for agriculture and structural funds spending.

BUSINESS, ENTERPRISE AND REGULATORY REFORM

East of England Regional Development Agency

The Minister for Competitiveness (Mr. Stephen Timms): I have decided to appoint the new Board Members listed below.

Stuart Evans

Beverley Hurley

The new appointments will all be for a period of three years.

I have also decided to re-appoint Marco Cereste for a further period of three years

The appointments will begin on 14 December 2007 and will expire on 13 December 2010.

I have placed further details of the new appointments in the Libraries of both Houses. They were all made in accordance with the code of practice of the Commissioner for Public Appointments.

BIOGRAPHIES

Marco Cereste

Marco is currently coming to the end of his second term as an EEDA Business Board Member. He has built a very successful and diverse group of family business operating in the UK and Italy which he now chairs. Marco was elected for a second time earlier this year to the Peterborough council after a five year gap. He has also worked in the NHS for 22 years and is Chair of the Peterborough Primary Care NHS Trust and Anglia Support Partnership. He is Deputy Chair of the Greater Peterborough Partnership and holds a number of other non-executive directorships including Standard Life Healthcare and the Peterborough Urban Regeneration Company. He has been an elected member of the C.G.I.E; this council meets at the Italian Foreign Office in Rome and represents all the Italians not resident in Italy. In 2002 he was awarded the title of Grand Ufficiale, the highest honour in Italy's oldest order. Marco was previously appointed to the EEDA Board by a Minister. He has obtained office as a local councillor, has held office as chair, treasurer and secretary of the local branch of the Conservative Party and canvassed on behalf of the party.

Stuart Evans

Stuart Evans is an entrepreneur and Chartered Director. He was the founding CEO of Plastic Logic Ltd. a highly successful Cambridge University spin out that has won £75 million investment in potentially world-changing plastic electronics technology, initially for flexible displays in electronic books and newspapers. He has a Cambridge BA/MA, Harvard MBA and a twenty year international career of successful venture capital backed technology start-ups. His business skills include:-fund raising, building teams, spin-outs, exits and acquisitions, sales and marketing, corporate governance and turnarounds. He is a non-executive director of Huntingdon-based Pursuit Dynamics plc. and a Trustee of the Arthur Rank Hospice Charity in Cambridge. Stuart holds no other ministerial appointment and has not undertaken any political activity in the last five years.

Beverley Hurley

Beverly started out in social housing and regeneration in inner city London. Her career then took her to Canada, where she helped pioneer a major change management project for a global gold mine. On returning to the UK, Bev established two more successful businesses prior to joining YTKO, a thriving consultancy specialising in the commercialisation of science and technology innovation. Becoming CEO in 1999, she has led the company's expansion into Europe, adding strategic marketing and investment services for high-growth start-ups, and increasing the company's business support services for the public sector. She created the Norfolk Network to stimulate greater enterprise and innovation in the county, and leads the Enterprising Women programme across the East of England. Bev holds a number of public positions including Prowess and the Norfolk Exchange, and is an Enterprise Fellow at the UEA's Business School. Beverly holds no other ministerial appointment and has not undertaken any political activity in the last five years.

Manufacturing Strategy

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): The Government's Manufacturing Strategy has proved to be a valuable framework, successfully developing programmes such as the Manufacturing Advisory Service and National Skills Academy for Manufacturing, while targeting financial support in key areas such as science.

The UK is the sixth largest manufacturing country in the world. It represents 14 per cent. of GDP, accounts for more than half of our exports, three quarters of business R&D and directly supports 2.9 million jobs.

But rapid global and technological advances are changing the economic challenges for manufacturers in Britain. China and India already account for nearly 50 per cent. of world real GDP growth. Their importance as a driver for future growth is set to continue in 2008 and beyond.

The Government are committed to helping strengthen the future of our manufacturing sector by supporting companies to embrace new opportunities in increasingly competitive global markets. We will therefore renew our Manufacturing Strategy over the coming months to address that challenge. The renewed strategy will pay particular attention to opportunities for Britain to lead global markets created by the need to tackle climate change.

I am today announcing the formulation of a Ministerial Advisory Group to help renew the Manufacturing Strategy. This new group will be made up of a core membership of CBI, TUC, Engineering Employers Federation, Technology Strategy Board, and Regional Development Agency together with representatives from industry and trade unions. The group will report to my right hon. Friend, the Minister of State for Competitiveness and provide advice on key areas impacting on all aspects of manufacturing.

The Government will seek the views of manufacturers and other stakeholders across the UK in developing the strategy. A number of regional events will be undertaken as part of the process, which will be co-ordinated with regional Ministers and regional offices.

Full details of the Ministerial Advisory Group membership will be announced shortly. This group replaces the Manufacturing Forum, to whom I am extremely grateful for their work in steering the manufacturing strategy from 2004-07.

CHILDREN, SCHOOLS AND FAMILIES

Early Years (Capital Funding)

The Minister for Children, Young People and Families (Beverley Hughes): I am announcing today £642 million of capital investment in early years settings from 2008-09 to 2010-11 to ensure every child can access high quality provision. This funding will play a key part in enabling local authorities to meet their duties to secure sufficient childcare in their area, to improve outcomes for children in the early years and to narrow the gaps between the most disadvantaged children and others.

This capital funding will focus in particular on the private, voluntary and independent (PVI) sector to ensure that all settings are of the highest quality and that all children—including those with disabilities—are able to access provision. The grant will also support small sessional providers to make the investments needed to deliver childcare more flexibly.

The grant aims to: (i) improve the quality of the learning environment in early years settings to support delivery of the Early Years Foundation Stage, with a particular emphasis on improving play and physical activities and ICT resources, (ii) ensure that all children, including those with disabilities, can access provision in line with the new duty placed on local authorities in the Childcare Act 2006, (iii) enable PVI providers to deliver an extended free early education offer for all three and four-year-olds and make access more flexible.

COMMUNITIES AND LOCAL GOVERNMENT

Home Information Packs

The Minister for Housing (Yvette Cooper): The Government set out their approach and criteria for phasing the implementation of Home Information Packs (HIPs) including Energy Performance Certificates on 11 June. Sixty per cent of the market is now covered by HIPs. And the criteria for roll out to the rest of the market have now been met. We will therefore complete the phased roll out by extending coverage to the rest of the market from 14 December.

First time buyers of one and two bedroom homes will be the main beneficiaries as they will now get important information about their new home for free. Information such as searches for which they would previously have had to pay will now be included in the HIP paid for by the seller, reducing the costs of the first step onto the property ladder.

But all householders will benefit from having detailed information about the energy efficiency of their home, and measures to save on their fuel bills and cut carbon emissions.

Two hundred thousand Energy Performance Certificates have been generated since the summer. The analysis of the early phase of rollout of HIPs found that the average rating for homes was an E, and we know that approximately one-fifth of all homes are likely to get an F or G rating. This means that basic measures could significantly cut both fuel bills and carbon emissions. The Energy Savings Trust have also estimated that homeowners could also save around £300 a year on fuel bills from implementing the recommendations in the Energy Performance Certificate.

We will establish a new Green Homes Service to offer those buying or selling a home with an F or G rating free or discounted help with energy efficiency measures, by linking them up with grants and loans provided by energy companies and others. Home buyers could potentially be eligible for hundreds of pounds to get help with insulation or other improvements.

As set out in the criteria of 11 June there are now sufficient energy assessors and home inspectors fully qualified and accredited to provide Energy Performance Certificates for all homes bought and sold. Some 5794 people are now accredited.

In addition, the government has also conducted monitoring and analysis of the implementation programme to ensure continued smooth roll out. Early monitoring shows:

HIPs are taking on average seven to 10 days to prepare.

The majority of property, and drainage and water searches, are being delivered within five days

Energy Performance Certificates (EPCs) are being prepared on average within two to four days

On average, a HIP costs between £300 and £350. Most of these are not new costs, as they cover the cost of searches and other documents which have simply been transferred from buyer to seller at the beginning of the process. The Energy Performance Certificate (EPC) is of course new but provides consumers with valuable information of the costs of running their home.

Competition from HIPs is reducing the costs of average property searches. Eighty-five local authorities have already reduced their charges by £30 on average.

The Government have also commissioned and considered extensive analysis by Europe Economics on the impact of HIPs on the market. We are today publishing their independent report which includes modelling on the impact as well as analysis of the first few months of implementation. It finds no evidence of any impact on transactions or prices, although there is a predicted short term impact on new listings as sellers change the timings of their listings. It concludes that the impact on listings is short lived, and the impact on the market is marginal compared to the wider factors.

We also asked Europe Economics and Dr. Peter Williams who is a member of the National Housing and Planning Advice Unit to consider whether changing housing market conditions meant we should change the approach to completing the roll out. Their conclusion was that there are strong arguments for rolling out as planned, and that further delay could cause greater difficulties and uncertainties in the market.

In the light of this evidence therefore we will tomorrow lay the commencement order to extend HIPs and EPCs to one and two bedroom properties from 14 December. In order to ensure continued smooth implementation, we are also extending the temporary provisions on first day marketing for all properties from 1 January to 1 June, providing flexibility for sellers as part of the roll out to one and two bedroom properties.

The implementation of Home Information Packs so far, and the work of the Stakeholder Panel, has also highlighted further improvements that are needed to benefit consumers.

HIPs have already led to improvements in the delivery and cost of searches, with significant reductions in the cost of searches, and in some areas, substantial reductions in the delays in producing searches. However, there are still wide variations in costs and services and we want to see further improvements for consumers. We will therefore publish guidance on access and charging in December for local authorities and personal searchers with the aim of speeding up searches and delivering a fairer deal for consumers.

We have asked Ted Beardsall, Deputy Chief Executive of the Land Registry—and member of our Home Buying and Selling Stakeholder Panel—to advise on what else could be done to improve the search process, ensuring better quality and timeliness of information, and improving value for money for consumers.

Stakeholders have also raised concerns about the costs and timeliness of leasehold information, and the impact that this will have on Home Information Packs when one and two bedroom properties are included given the higher number of leasehold properties. In the majority of cases we would expect leasehold documents to be readily available and easily provided as part of Home Information Packs. However we are aware that some leaseholders, whether in the pre-existing system or creating a HIP, can find the relevant documents difficult to obtain quickly. We know that some also face disproportionate charges to access their documents.

As leasehold information is an important part of the home buying and selling process, and is already generally paid for and provided by the seller, we continue to believe there are considerable advantages to consumers from having leasehold information early on in the Home Information Pack. However, to ensure continued smooth roll out we will phase the introduction of leasehold information in response to stakeholder concerns. We will temporarily amend the HIP regulations so that the lease document itself must be included, but other leasehold information will be introduced as a requirement in six months time. This will allow HIPs for one and two bedroom properties to bed down in advance of leasehold information being required. In the interim, we have also asked Ted Beardsall to advise us and the Home Buying Stakeholder panel on what more can be done to improve the timeliness and cost of leasehold information, alongside the work on searches.

From April 2008, we will begin to roll out EPCs for newly built homes, as well as across commercial property for sale, rent or construction. By October 2008 all public buildings will have a display certificate.

All these measures are designed to promote the interests of the consumer. We will continue to actively monitor the rollout of HIPs and energy performance certificates and the home buying and selling process to ensure we can respond where further improvements are needed. The introduction of HIPs is part of a wider programme of reforms to home buying and selling including e-conveyancing and better redress, which aims to provide consumers with a clearer, more transparent and effective service, with better value for money, benefiting all potential homebuyers and helping in tackling climate change.

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Specified Animal Pathogens Order Licence Conditions

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): I promised to keep the House informed of matters relating to the FMD outbreak. An incident has occurred at the Merial

facility on the Pirbright site. While the incident was contained, I thought it right to report the matter given the understandable public interest in this site.

On 6 November, DEFRA restored the Specified Animal Pathogens Order (SAPO) licence to Merial Animal Health to permit the use of FMD and Bluetongue viruses for vaccine production. The licence was restored following detailed DEFRA and HSE inspections that confirmed that the terms of the licence (including operating procedures and installation of security measures) had been fully met and that it was safe for vaccine production to recommence.

The licence requires several layers of biosecurity to be in place. This includes first, a new facility which has been installed to heat treat waste from virus production. Secondly it requires the re-lining, sealing and testing of the effluent pipes and man hole covers as identified in the HSE and Spratt reports. Thirdly, the ground above the drains has been made a contained area and all movements across it controlled with decontamination required of any one who has need to enter that area. Lastly all effluent passes into the chemical treatment facility, which as the final layer of biosecurity would deactivate any live virus. It is monitored and tested daily.

All of these measures provide several independent layers of safety and ensure that the process is contained.

On Monday 19 November Merial discovered a shortfall in the quantity of virus recovered from production batches from the previous week. On inspection of the vaccine production equipment they identified possible technical problems with the functioning of a valve on a pipe leading from the centrifuge which is used to separate live virus from waste product. Operations were immediately stopped and the machine and associated pipework were decontaminated with steam. Citric acid was added in bulk to the effluent sump to disinfect any live virus that might have leaked out of the centrifuge.

Having been contacted on Monday, an engineer examined the machine on the morning of Tuesday 20 November. No problems were identified with the centrifuge, and investigations focussed on a valve on a steam line used to sterilise the associated pipework. This valve separates the live virus product line from the line which provides an outlet for the condensate from the steam cleaning stages. This water should not come in contact with live virus, but as a precaution does enter the contained drainage system leading to the final chemical treatment facility. As part of the SAPO licence, we require Merial to apply rigorous standard operating procedures. In relation to the valves these mean that each time the centrifuge is used two operators must certify that the valve is locked shut and its integrity is confirmed by pressure tests before and after each batch. In addition the preventive maintenance system includes regular inspections and although the valves on the centrifuge have a three-year life expectancy they are replaced annually. All these checks must be recorded.

Despite these measures Merial judged that the valve had been leaking, allowing an unintended probable release of live FMD virus into the contained drainage system, which was then pumped to the final chemical treatment facility without being heat treated.

During the course of Tuesday 20 November Merial arranged for the valve to be replaced and tested the centrifuge to ensure that it was now working properly. Merial informed DEFRA officials at 4pm of this incident and of the action that they had taken. Having learned of this possible breach of a SAPO licence condition, DEFRA suspended Merial's SAPO licence with immediate effect.

A joint DEFRA, HSE and Veterinary Medicine Directorate inspection team visited the site yesterday morning. They confirmed that all work with live virus had stopped, they confirmed the details of the incident that Merial had reported, and carried out detailed inspection, including of record keeping.

The inspection team judge that while it was possible that live FMD virus had entered the contained drainage system, from their discussions and the evidence gathered they are assured that live virus has not been released to the environment. The extensive layers of biosecurity that we require under the SAPO licence effectively contained the virus in the closed, re-lined drainage system before deactivation in the chemical treatment facility.

The SAPO licence remains suspended and the inspection team will produce a full report to the acting chief veterinary officer. We will then consider what further action needs to be taken.

I will report further to the House in due course.

FOREIGN AND COMMONWEALTH OFFICE

Entry Clearance Refusals

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I have today placed in the library a copy of the report by Mrs. Linda Costelloe Baker, the Independent Monitor for Entry Clearance Refusals with Limited Rights of Appeal, covering the period 1 October 2006 to 31 March 2007. A copy is also being made available on the UKvisas website at: www.ukvisas.co.uk together with UKvisas' response to the Monitor's recommendations.

I am most grateful to Mrs. Costelloe Baker for this thorough and positive report based on the 713 sample cases that she has reviewed for the period 1 October 2006 to 31 March 2007.

Mrs. Costelloe Baker commends UKvisas for successfully maintaining a delicate balance between good service and adequate control against a background of major changes in the entry clearance processes—dedicated application centres, a risk assessment basis for decision making and biometric data capture—all benefiting the genuine visitor. She goes on to confirm that the overall quality of entry clearance refusal notices is improving.

Mrs. Costelloe Baker makes a number of constructive recommendations as to how UKvisas can continue to improve the quality of decision making, customer service and complaint handling. UKvisas welcomes these comments and is keen to use these recommendations to drive up the quality of its service to customers whilst maintaining a high level of immigration control.

I wish to record our thanks to Mrs. Costelloe Baker for the work and effort she has put into producing this her third report as Independent Monitor for Entry Clearance Refusals with Limited Rights of Appeal. The Independent Monitor's next report will cover the period 1 April to 30 September 2007 and will be published in the first half of 2008.

HEALTH

Primary Care Trusts (Revenue Allocations)

The Minister of State, Department of Health (Mr. Ben Bradshaw): Revenue allocations to primary care trusts (PCTs) will be announced later this year for one year only—2008-09.

The independent Advisory Committee on Resource Allocation has requested and been granted an extension to the work it is doing on reviewing the formula in support of the revenue allocations, post 2007-08. Given that, we wanted to issue the allocations for 2008-09 as soon as possible to give the NHS time to plan. The intention is to announce the 2008-09 allocations shortly, and it is anticipated that the 2009-10 and 2010-11 PCT allocations will be issued by the summer 2008.

In this context and that of the recently announced three year settlement for health in the comprehensive spending review, PCTs should still be able to enter into three-year agreements with local partners where these are appropriate.

HOME DEPARTMENT

Immigration

The Minister for Borders and Immigration (Mr. Liam Byrne): I am today launching the next stage in the Government's comprehensive programme of reform of Britain's immigration controls.

Britain's economy and society profit from migration that is effectively managed and controlled. But our system must change if it is to be fit for the future. Over the next 12 months, we will be introducing fundamental changes. These include:

The points-based system, which will enable us better to manage economic migration. Our points policy will be advised by a Migration Advisory Committee, which will help us make better informed decisions about the migrants our economy needs, and a Migration Impact Forum, which will help us analyse the wider effects of migration;

A Single Border Force, bringing together the Border and Immigration Agency, Customs and UK Visas. This will provide tougher policing at ports and airports with a highly visible, uniformed presence, counting all migrants in and out of the UK;

The introduction of compulsory identity cards for foreign nationals, helping us to know who is here and what they are entitled to do.

If we are to stop illegal journeys, however we must stop illegal jobs. Our attack on illegal working therefore attacks the root cause of illegal immigration into Britain.

Following the Prime Minister's announcement on transforming our border strategy last week I am today announcing action on a further three key parts of our strategy on illegal working.

First, I am publishing a Statement of Intent setting out our approach towards licensing employers or colleges wishing to sponsor migrants for visa applications.

Under the points-based system, employers, and others who benefit from migration and wish to act as sponsors of skilled or temporary migrants, will need a licence to do so. To earn and hold a licence they must agree to fulfil certain duties. Today's Statement of Intent sets out how a would-be sponsor can gain a licence, and what duties we will ask them to perform. We have developed this document working closely with employers' representatives and others to strengthen the Border and Immigration Agency's control of the system.

We are publishing this document today so that those affected can prepare. We are also giving people the opportunity to comment on them. Our proposals may of course change before we finally launch the system. We will give businesses and others the opportunity to apply for sponsorship licences from early 2008.

Secondly, I am publishing today the results of the consultation on the new measures to prevent illegal working in the UK, and the action I now propose to take.

The consultation set out a new system of civil penalties and a tough new criminal offence for those who knowingly employ illegal workers. As a result I propose that the maximum level of penalty should be £10,000 per illegal worker.

The penalty measures we are introducing will provide a more effective means of encouraging employers to carry out proper checks and of dealing with non-compliance.

The results report is available on the Border and Immigration Agency website at: www.bia.homeoffice.gov.uk and copies of the report have also been placed in the Libraries of both Houses.

I am also laying revised codes of practice for employers and the necessary regulations to bring sections 15 to 26 of the 2006 Act into force on 29 February next year, including an order for the approval of each House setting the maximum level of civil penalty that may be imposed for employing an illegal worker.

Thirdly, I am taking steps to raise employers' awareness of these changes and to provide support arrangements.

Employers will need to know how the changes we are making under the points-based system and the new civil penalty regime will affect recruitment and employment practices.

National press advertising will commence immediately, to be followed in January with further advertising in the national press, trade press and on national radio, and direct marketing to employers in relevant sectors.

BIA has now enhanced the verification service for employers I announced in May by broadening the range of categories covered by the service.

Finally, the phased introduction of identity cards for foreign nationals will provide the opportunity to develop employer verification services still further and phase out insecure twentieth century documentation from the checking regime. I will bring forward proposals shortly on the roll-out of mandatory identity cards for foreign nationals.

INTERNATIONAL DEVELOPMENT

UK and the World Bank 2006-07

The Secretary of State for International Development (Mr. Douglas Alexander): I have placed in the Libraries of both Houses a copy of a DFID report, "The UK and the World Bank 2006-07".

This report summarises the UK's work with the World Bank from October 2005 (the end of the period covered by the last report) to the end of the bank's financial year 2007 (June 2007). The decision to extend the period covered to the end of June 2007 brings the reporting period in line with the World Bank's financial year and also covers the period running up to the appointment of a new World Bank president.

The report describes the main policy topics which the bank was involved in during this period and how it spent its money in supporting developing countries' efforts to reduce poverty. The report provides a regional breakdown of the bank's work and also describes the bank's efforts to improve the way it operates.

During the period covered, the UK worked closely with the bank to develop the Clean Energy Investment Framework, the Investment Climate Facility and a new governance and anticorruption strategy; and helped secure improvements in the bank's implementation of the good practice principles on conditionality.

The next report will issue in approximately 12 months time and will cover the World Bank financial year 2008 (July 2007-June 2008).

PRIME MINISTER

Numbers and Cost of Special Advisers

The Prime Minister (Mr. Gordon Brown): Listed below are the names of special advisers in post at 22 November 2007, the special advisers' pay ranges for 2007-08, the number of special advisers in each pay band by Department and the total pay bill cost of special advisers for 2006-07.

All special advisers are appointed under terms and conditions set out in the "Model Contract and Code of Conduct for Special Advisers". I am placing in the Libraries of the House revised copies of both documents.

Advisers in Post

Appointing Minister	*Special Adviser in Post*
The Prime Minister	Theo Bertram
	Konrad Caulkett (p-t)
	Matt Cavanagh
	Dan Corry
	Jo Dipple
	Justin Forsyth
	Joe Irvine (p-t)
	Michael Jacobs
	Gavin Kelly
	Spencer Livermore
	Patrick Loughran
	Damian McBride
	Geoffrey Norris
	Sue Nye
	Nick Pearce
	Lisa Perrin
	Kath Raymond (p-t)
	Stewart Wood
Cabinet Office Minister and Chancellor of the Duchy of Lancaster	Polly Billington Tom Restrick
Chief Whip (Commons) and Parliamentary Secretary to the Treasury	Michael Dugher Emma Reynolds
Chief Whip (Lords)	Ben Coffman
Secretary of State for Business, Enterprise and Regulatory Reform	John Williams John Woodcock
Minister of State (Competitiveness) Business, Enterprise and Regulatory Reform	Graham Dale
Secretary of State for Children, Schools and Families	Francine Bates Alex Belardinelli
Secretary of State for Communities and Local Government	Andrew Bagnall Paul Richards
Minister of State (Housing), Communities and Local Government	Will McDonald
Secretary of State for Culture, Media and Sport	Blair McDougall Lisa Tremble
Secretary of State for Defence	Richard Burge Alaina Macdonald
Secretary of State for Environment, Food and Rural Affairs	Mike Dixon Beatrice Stern
Secretary of State for Foreign and Commonwealth Affairs	Madlin Sadler (job share) Sarah Schaefer (Job share)
Secretary of State for Health[1]	Clare Montagu Chris Norton
Secretary of State for the Home Department	Sue Jackson Andrew Lappin

Advisers in Post

Appointing Minister	*Special Adviser in Post*
Leader of the House of Commons, Lord Privy Seal and Minister for Women and Equalities	Ayesha Hazarika Anna Healey
Leader of the House of Lords, and Lord President of the Council	Philip Bassett Jonathan Pearse
Secretary of State for Innovation, Universities and Skills	Josie Cluer Andy Westwood
Secretary of State for International Development	Paul Sinclair Anthony Vigor
Lord Chancellor and Secretary of State for Justice	Mark Davies Declan McHugh
Secretary of State for Northern Ireland	Sebastian Dance
Secretary of State for Scotland	Tom Greatrex John McTernan
Secretary of State for Transport	Julie Crowley David Leam
Chancellor of the Exchequer[2]	Emily Thomas Sam White
Chief Secretary	Jennifer Gerber
Secretary of State for Wales	Andrew Bold Joe Carberry
Secretary of State for Work and Pensions	Matthew Burchell Claire McCarthy
Minister for the Olympics and London	Nigel Warner

[1]In addition, the Secretary of State for Health has appointed Mario Dunn as an adviser on the NHS Next Stage Review and NHS workforce issues.
[2]In addition, the Chancellor of the Exchequer has appointed Andrew Maugham to the Council of Economic Advisers.

Pay bands for 2007-08:

The pay bands and pay ranges for special advisers for 2007-08 are as follows:

Scheme Ceiling	£137,400
Pay Band 4	£85,680 to £102,918
Pay Band 3 and Premium	£64,056 to £99,450
Pay Band 2	£50,286 to £66,708
Pay Band 1	Up to £52,122

Advisers by Pay Band:

At 22 November 2007, the number of special advisers in each pay band by Department is as follows:

Department	*Pay Band*			
	1	*2*	*3*	*4*
No 10	4	3	11	-
Cabinet Office (includes Minister for the Olympics and London)	-	-	3	-
Chief Whips' Offices (Commons and Lords)	1	1	1	-
Business, Enterprise and Regulatory Reform (includes Minister of State for Competitiveness)	1	1	1	-
Children, Schools and Families	1	-	1	-
Communities and Local Government (includes Minister of State for Housing)	-	2	1	-
Culture, Media and Sport	1	-	1	-
Defence	-	2	-	-
Environment, Food and Rural Affairs	1	1	-	-
Foreign and Commonwealth Office	-	-	2 (p-t)	-
Health[3]	-	2	1	-
Home Office	-	1	1	-
Leader of the House of Commons, Lord Privy Seal and Minister for Women and Equalities	-	1	1	-
Leader of the House of Lords and Lord President of the Council	1	-	-	1
Innovation, Universities and Skills	-	1	1	-
International Development	1	-	1	-
Lord Chancellor and Secretary of State for Justice	1	1	-	-
Northern Ireland	1	-	-	-
Scotland	-	1	1	-
Transport	1	1	-	-
HM Treasury[4]	3	1	-	-
Wales	2	-	-	-
Work and Pensions	2	-	-	-
Total	21	19	27	1

[3]Includes the adviser on the NHS Next Stage Review and NHS workforce issues.
[4]Includes the Member on the Council of Economic Advisers.
[5]This figure includes salary, severance pay and estimate of pension costs.

Paybill costs:

The cost of special advisers in 2006-07 was £5.9 million[5]

TRANSPORT

Heathrow Airport Consultation

The Secretary of State for Transport (Ruth Kelly): I am today publishing a consultation "Adding Capacity at Heathrow Airport" which covers a range of different proposals for the future development of the airport. The consultation responds to a number of commitments made in the 2003 Air Transport White Paper. It presents the conclusions from three years of detailed analysis to consider whether conditions set on noise, air quality and public transport could be met with the addition of a third runway and proposals for making better use of the existing runways. The White Paper recognised the key importance of Heathrow to both local and national economies, and to our competitiveness internationally. While Heathrow's

operations impact on people across and around London, the forecasts included in the consultation indicate that it is possible to add capacity at Heathrow in a way which satisfies the local conditions. We want to make the information widely accessible and are engaging extensively with interested parties to give them the opportunity to test the evidence presented and respond to the consultation.

Aviation plays an essential role in the UK's economic growth and our continued prosperity. The Government consulted widely in 2002 on their air transport policy and set out their conclusions in the 2003 White Paper "The Future of Air Transport". The White Paper set out a sustainable long-term strategy for the development of air travel out to 2030. This policy was reiterated last year in the 2006 "Future of Air Transport Progress Report".

The White Paper identified an urgent need for additional runway capacity in the south-east and supported further development at Heathrow, including a new runway and additional terminal capacity, but only if three local conditions could be met.

First there should be no net increase in the total area of the 57 dBA noise contour. This would be measured at 127 sq km which was the size of the contour in the summer of 2002.

Secondly, being confident of meeting European air quality limits around the airport. The critical local pollutant at Heathrow is nitrogen dioxide (NO_2) where the current European directive imposes limits from 2010.

Thirdly there would need to be improvements in access to the airport by public transport.

The White Paper also considered the scope for greater utilisation of the two existing runways by, for example, the use of mixed mode operations—where runways are used for both arriving and departing aircraft. It identified the need to study the impacts and benefits in detail, which would be subject to the same local conditions as a third runway.

Over the past three years, the Project for the Sustainable Development of Heathrow set up by the Department for Transport and including experts from the Highways Agency, the Civil Aviation Authority, the airport's operator BAA, the Government Office for London and drawing on wider expertise from NATS and technical experts in air quality has considered these options further, including whether, and how, the local conditions could be met. The White Paper made a commitment to further consultation once the work was completed.

The White Paper also recognised the airport operator's arguments for a sixth terminal north of the A4 to realise the full potential of the third runway and made a commitment to consult once further work had been completed on the proposals and their impacts. This consultation invites views on the airport operator's revised proposal for adding a 2,200 m third runway (compared with 3,902 m and 3,658 m for the two existing runways) and a sixth terminal with access to the road and rail network which would enable the airport to handle around 702,000 air traffic movements a year by 2030.

The consultation also invites views on the introduction of 'mixed mode' operations as an interim measure ahead of a new runway subject to the same local conditions as a third runway. One option improves operational resilience at the airport but maintains the current 480,000 air transport movements cap, and another allows an extra 60,000 movements per year.

Depending on the outcome of this consultation, it will be for the airport operator to obtain the necessary consents in accordance with applicable planning rules and with relevant statutory and other criteria.

We would also like views on the results of a review of a number of operational procedures on the existing runways irrespective of any further capacity changes. For example the "Cranford agreement" which generally prohibits easterly departures off the northern runway.

We will make the information widely accessible and give all interested parties the opportunity to respond to the consultation. In addition to the standard consultation processes, my officials will also hold a series of public exhibitions to enable individuals and organisations to find out more and to register their views. All the consultation documentation and further details about how to respond are available on the Department's website at: www.dft.gov.uk/heathrowconsultation.

I am also today publishing the report "UK Air Passenger Demand and CO_2 Forecasts". This report explains our passenger demand and CO_2 forecasting methodologies and provides the latest CO_2 forecasts. The White Paper argued that the aviation sector must fully meet its environmental costs and set out our policy to include aviation in the EU Emissions Trading Scheme so that growth in emissions from 2004-06 levels would be compensated for by equivalent reductions elsewhere in the economy. This approach is entirely consistent with last year's Stern review.

Final policy decisions on adding capacity at Heathrow will be taken at the earliest in the summer 2008 in the light of the results of the consultation.

Copies of the consultation document have been placed in the Library of the House and are available in the Vote Office

Petitions

Tuesday 6 November 2007

BUSINESS, ENTERPRISE AND REGULATORY REFORM

Post Office Card Account

The Petition of residents of the Borough of Havering and others,

Declares that the Petitioners believe that the post office network provides a vital service to local communities in both urban and rural areas. The Petitioners are concerned that the threatened withdrawal of services from local post offices, by the Government, will seriously affect the governance and more specifically, efficiency of the postal network, as well as damaging community cohesion around these post offices, which in many cases acts as a central and focal point for local community interaction.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Business, Enterprise & Regulatory Reform to reverse its announcement to end support for the Post Office Card Account 2010 thereby threatening the viability of thousands of post offices and further urges it to immediately halt its activities designed to kill off the account in advance of that date.

And the Petitioners remain, etc.—*[Presented by Andrew Rosindell, Official Report,* 24 July 2007; Vol. 463, c. 807.]

[P000036]

Observation from the Secretary of State for Business, Enterprise and Regulatory Reform:

The Post Office is one of a number of ways to deliver Government services and still has an important role to play. The Government cannot ignore that people increasingly want to access services in different ways – using direct debits, ATMs and the phone and Internet. We believe in choice and cannot simply hand over work to the Post Office or force people to use the network.

The Post Office recognises the need to increase its range of services and products and that it needs to adapt to changing shopping habits and give sub-postmasters high quality products to sell which appeal to the needs of today's and tomorrow's customers.

We have supported Post Office Ltd (POL) in its efforts to develop its range of financial service products, with Government's investment having included £500 million for the Horizon project to bring computer systems into every post office throughout the UK.

The current Post Office Card Account contract ends in March 2010. The Government decided that there will be a new service after 2010. This will be available nationally and customers will receive a similar set of services to those currently provided. EU procurement rules require us to tender competitively for this product, in order to ensure that best value for money for the taxpayer is achieved. The intention is to give a single contract and the Post Office is in a strong position to bid.

We have now started the procurement process, the first stage of which was the placement of a notice in the Official Journal of the European Union (OJEU). A copy of the notice has been placed in the Library.

The Government remains committed to allowing people to access their pension and benefit in cash at the Post Office if they choose to do so, and there is a range of accounts which makes that possible. This process will not affect those arrangements. We still believe that being paid into a bank or building society account is the best option for the vast majority of our customers, and around three in four of our customers are paid in this way. It gives them more choice about where and when they get their money, enables them to make savings on some bills by paying by direct debit and get interest on balances on their accounts. Many of these accounts can be used at Post Offices, still generating income for POL, which is also introducing its own new accounts.

DWP customers do not need to take any action at the moment. Existing Post Office Card Account customers can continue to be paid this way and new Post Office card accounts can still be opened. There will be plenty of publicity about the new arrangements in the future.

COMMUNITIES AND LOCAL GOVERNMENT

59 Godolphin Road

The Petition of Residents of the Borough of Hammersmith and Fulham and others,

Declares the Petitioners' serious concerns about the proposed disposal of 59 Godolphin Road, the registered premises of The Hut Association and several other local community organisations.

The Petitioners therefore request that the House of Commons urge the Secretary of State for Communities and Local Government to use her powers to reverse the decision of Hammersmith and Fulham Council not to renew the lease of 59 Godolphin Road.

And the Petitioners remain, etc.—*[Presented by Mr. Andy Slaughter, Official Report,* 5 July 2007; Vol. 462, c. 1165.]

[P000043]

Observation from the Secretary of State for Communities and Local Government:

The Government understands and recognises the concerns of local residents in Hammersmith and Fulham about the closure and disposal of local community facilities. However, the Secretary of State does not have legal powers to intervene in local decisions about the disposal or closure of community assets.

That said, the Government's policy is to encourage local authorities and their partners to take a more strategic approach to asset management, including consideration of more community management and ownership of assets, as set in the Quirk review "Making Assets Work" and the Government's response to the Quirk review "Opening the transfer window".

Background/local context

Hammersmith and Fulham reviewed the funding of community and voluntary sector organisations earlier this year in relation to needs/objectives and there were obviously winners and losers as a result of this process. H&F also reviewed the accommodation needs of CVS groups and, although a decision was taken by Cabinet earlier this year to dispose of the three properties in question (for very different reasons), we are informed that discussion is ongoing with the groups concerned in terms of accommodation need and possible relocation.

Coal Mining

The Petition of persons living in the vicinity of the Derwent Valley and the historic Gibside Estate,

Declares that the proposed development of an open cast coal site at a place known as Skons Park will have a detrimental effect on the environment, the development of the area as a tourist destination and on the natural habitat of an area that has for centuries borne the scars of coal mining.

The Petitioners therefore request that the House of Commons urges the Secretary of State for the Department of Communities and Local Government to consider the negative impacts of this open cast proposal and not approve its development.

And the Petitioners remain, etc.—*[Presented by Mr. David Anderson, Official Report,* 24 July 2007; Vol. 463, c. 805.] [P000039]

Observation from the Secretary of State for Communities and Local Government:

On the basis of the information made available to my Department, a planning application was submitted to Gateshead Borough Council in May 2005 by Halls of Durham, for the development of an open-cast coal site at Skons Park, Whickham in the Derwent Valley, to provide 0.5 million tonnes of coal and fireclay. In March 2006 Gateshead Borough Council refused planning permission for the development. In November 2006 the applicants lodged an appeal against the refusal of planning permission, but in June 2007 the applicants withdrew the appeal. My Department has not been involved in this matter. Until planning permission has been obtained for the development it is not able to proceed.

College Park Community Centre

The Petition of Residents of the Borough of Hammersmith and Fulham and others,

Declares the Petitioners' serious concerns about the closure of College Park Community Centre and the methods in which the decision to close the College Park Community Centre was reached.

The Petitioners therefore request the House of Commons urge the Secretary of State for Communities and Local Government to use her powers to reverse the decision to close College Park Community Centre.

And the Petitioners remain, etc.—*[Presented by Mr. Andy Slaughter, Official Report,* 5 July 2007; Vol. 462, c. 1165.] [P000040]

Observation from the Secretary of State for Communities and Local Government:

The Government understands and recognises the concerns of local residents in Hammersmith and Fulham about the closure and disposal of local community facilities. However, the Secretary of State does not have legal powers to intervene in local decisions about the disposal or closure of community assets.

That said, the Government's policy is to encourage local authorities and their partners to take a more strategic approach to asset management, including consideration of more community management and ownership of assets, as set in the Quirk review "Making Assets Work" and the Government's response to the Quirk review "Opening the transfer window".

Planning

The Petition of the residents of Ruislip-Northwood and others,

Declares that Britain's gardens are under increasing threat of destruction arising from inappropriate and unpopular development with local opinion being disregarded and communities left powerless to prevent the infill of green spaces with the loss of precious biodiversity, the increased strain on infrastructure, notably with regard to parking and traffic flow, and the resulting change in the fundamental character of neighbourhoods against local wishes.

The Petitioners therefore request that the House of Commons urge the Government to bring forward legislation to give stronger protection to gardens in planning law, and to allow elected local councillors to have greater discretion to protect local neighbourhoods.

And the Petitioners remain, etc.—*[Presented by Mr. Nick Hurd, Official Report,* 16 July 2007; Vol. 463, c. 133.*]* [P000037]

Observation from the Secretary of State for Communities and Local Government:

Whilst there is a considerable need for new housing, the Government recognises that it is important to ensure development is in the right place, and that includes preventing inappropriate development in residential areas or on garden land where it is not sustainable and other sites are available.

The Government believes that what is important is not simply one of how land is defined but how sites are managed for development. Planning policy for housing - Planning Policy Statement 3 - published in November 2006 gives local planning authorities greater flexibility around the location and kind of housing they wish to see in their areas and strengthens the tools that local authorities already had under previous policy to turn down inappropriate development on former residential or garden land. They can specify targets for different kinds of brownfield land, which distinguish between residential sites and other kinds of brownfield land. PPS3 gives local authorities greater powers to restrict garden development if they have alternative viable land available and the level of development within residential areas is much higher than their plan.

The policy also places a much stronger emphasis on the quality of residential design and layout, making clear that design which is inappropriate in its context, or which fails to take the opportunities available for improving the character and quality of an area and the way it functions, should not be accepted. Local authorities also need to assess the extent to which new housing development provides, or enables access to, community green space, open space and private outdoor areas such as gardens, as well as provides for the retention or re-establishment of the biodiversity within residential environments.

PPS3 states in clear terms that there is no presumption that land is suitable for housing simply because it is brownfield, stressing the need for sites to be suitable for housing development, that are in suitable locations, and which will contribute to the creation of sustainable, mixed communities.

Planning (Benfleet)

The Petition of people living around the St. Mary's Church Conservation Area,

Declares that we the residents of Benfleet and surrounding areas object to the proposed demolition of the parade of shops opposite the historic St. Mary's Church, in High Road, Benfleet to make way for a new block of four shops with five one bed and eight two bed flats in a two storey development above the shops with underground parking, on the grounds that the access is unacceptable, there are insufficient parking arrangements, particularly for visitors to those new properties and shops, and consequently the shops and public will suffer, because the bulk of the proposed building would be unacceptably detrimental to the street scene in this sensitive position around the Conservation Area and because this would put unacceptable additional stress on the existing infrastructure at a sensitive point on the highway and for many other valid planning reasons as set out by the Member of Parliament and the previous Council members for the ward, in their objections to the earlier applications which were rejected.

The Petitioners therefore call on the House of Commons to implore the Government to impress upon Castle Point Borough Council, and three Boyce Ward councillors in particular, the imperative that this application is decided by members rather than unelected unaccountable officers, and the need to reject the application on behalf of all residents of Castle Point who are sick to the back teeth of the attempts to overdevelop their community.

And the Petitioners remain, etc.—*[Presented by Bob Spink, Official Report,* 25 June 2007; Vol. 462, c. 134 .] [P000041]

Observation from the Secretary of State for Communities and Local Government:

The application to Castle Point Borough Council is in respect of the demolition of existing retail/residential units and construction of 8 x two bed and 5 x one bed flats and 1 retail units with underground parking. The application was considered at Castle Point Borough Council's Planning Committee on 31 July 2007. The committee resolved that the application be granted conditional approval.

Parliament has entrusted local authorities with responsibility for development control in their areas. It is for them to decide, with particular regard to the provisions of the County Structure and Local Plans, any relevant views expressed by neighbouring occupiers, local residents and other third parties (although they are not bound to accept those views) and any other relevant material considerations which fairly and reasonably relate to the application concerned, whether or not a proposal should be given planning permission. The Secretary of State for Communities and Local Government intervenes in this responsibility only in the most exceptional circumstances and then only when issues of national or regional importance are involved. To do so more often would undermine the responsibility given to local planning authorities.

Once planning permission has been given for a particular development, the Secretary of State has no power to intervene. The only recourse a third party would have would be to challenge the decision to grant planning permission in the High Court.

Planning (Bournemouth)

The Petition of residents of the Borough of Bournemouth and others,

Declares the Petitioners' serious concerns about the overdevelopment in the Bournemouth area and the lack of investment in our infrastructure which are affecting the character of our town.

The Petitioners recognise the need for some development to meet the needs of Bournemouth but believe planning decisions should be made by the local authorities and not influenced by targets set by the South West Regional Assembly.

The Petitioners therefore request that the House of Commons urge the Secretary of State for Communities and Local Government to reconsider the impact present planning policy is having on our town, introduce legislation to protect back gardens from overdevelopment, place more emphasis on supporting off-street parking facilities and ensure Bournemouth's Greenbelt is not threatened.

And the Petitioners remain, etc.—*[Presented by Mr. Tobias Ellwood, Official Report,* 11 July 2007; Vol. 462, c. 1581.] [P000038]

Observation from the Secretary of State for Communities and Local Government:

The housing market has not responded sufficiently to meet the needs of the country's ageing and growing population. There is a shortage in the supply of housing, the Government outlined its plans to address this and for delivering the homes that are badly needed in the Green Paper "Homes for the Future: more affordable, more sustainable", published in July 2007, including setting a new housing target for 2016 of 240,000 additional homes a year to meet the growing demand and address affordability issues.

Whilst there is a considerable need for new housing, the Government recognises that it is also important to ensure development is in the right place. This includes preventing inappropriate development in residential areas or on garden land where it is not sustainable and other sites are available.

Planning at the regional level is essential to address regional or sub-regional issues, such as the balance between major areas of housing growth and its supporting infrastructure, that often cross county or unitary and district authority boundaries. However, Government planning policy guidance - Planning Policy Statement 3 - published in November 2006 gives more responsibility than ever before to local authorities to decide how and where new development should be built. The new policy approach gives local authorities more flexibility to shape new development according to the needs of their local areas, and allows them to make decisions on where new housing should be located in those areas. It stresses the need for sites to be suitable to housing development, that are in suitable locations, and which will contribute to the creation of sustainable, mixed communities. In assessing what sites are suitable for inclusion in their plans, local authorities need to consider, amongst other things, the current and future level and capacity of infrastructure to support the proposed distribution of development.

The policy continues the focus on developing suitable brownfield sites wherever possible. The Government has re-emphasised that it has no intention to make fundamental changes to Green Belt policy, which affords strong protection to Green Belt land.

Wormholt Community Centre

The Petition of residents of the Borough of Hammersmith and Fulham and others,

Declares the Petitioners' serious concerns about the closure and disposal of the former Wormholt Library, now Wormholt Tenants and Residents Community Centre, Hemlock Road.

The Petitioners therefore request that the House of Commons urge the Secretary of State for Communities and Local Government to use her powers to reverse the decision of Hammersmith and Fulham Council to close and dispose of the former Wormholt Library, now Wormholt Tenants and Residents Community Centre, Hemlock Road.

And the Petitioners remain, etc.—*[Presented by Mr. Andy Slaughter, Official Report,* 5 July 2007; Vol. 462, c. 1165.] [P000042]

Observation from the Secretary of State for Communities and Local Government:

The Government understands and recognises the concerns of local residents in Hammersmith and Fulham about the closure and disposal of local community facilities. However, the Secretary of State does not have legal powers to intervene in local decisions about the disposal or closure of community assets.

That said, the Government's policy is to encourage local authorities and their partners to take a more strategic approach to asset management, including consideration of more community management and ownership of assets, as set in the Quirk review "Making Assets Work" and the Government's response to the Quirk review "Opening the transfer window".

Petitions

Wednesday 7 November 2007

COMMUNITIES AND LOCAL GOVERNMENT

Baby Changing Facility

The Petition of Tracy Taplin, residents of Canvey Island and others,

Declares that the existing public facilities on Canvey Island are inadequate for the needs of those with small children, and notes that Castle Point Borough Council has a de facto duty to provide and maintain suitable public facilities, particularly in a busy shopping area, such as Canvey's excellent shopping centre.

The Petitioners therefore request that the House of Commons entreats the Government to bring pressure to bear on Castle Point Borough Council to provide a baby changing unit at a suitable location in Canvey Island's shopping centre.

And the Petitioners remain, etc.—*[Presented by Bob Spink, Official Report,* 24 July 2007; Vol 463, c 809.] [P000046]

Observation from the Secretary of State for Communities and Local Government:

The provision of public conveniences is at the discretion of local authorities. This is therefore a matter for Castle Point Borough Council.

The Department for Communities and Local Government does however recognise that the provision and upkeep of public conveniences is a service valued by many people.

The Department is therefore working with the British Toilet Association and others with a view to developing a strategy that will improve public access to toilets for all members of the public, including those with small children, but will not be introducing legislation to impose a duty on local authorities to provide and maintain public toilets.

Council Tax

The Petition of residents of the Taunton constituency and others,

Declares that the Petitioners are extremely concerned that the determination of Council Tax levels in Taunton Deane and nationally do not fairly reflect the ability of citizens to pay.

Further notes that pensioners and those on a low income are especially disadvantaged as they have to pay a larger proportion of their income towards Council Tax than those with higher incomes.

The Petitioners therefore request that the House of Commons urges the Government to abolish the Council Tax and replace it with a system that reflects the ability to pay.

And the Petitioners remain, etc.—*[Presented by Mr. Jeremy Browne, Official Report,* 18 July 2007; Vol. 463, c. 396.] [P000047]

Observation from the Secretary of State for Communities and Local Government:

The Government recognises that council tax provokes strong feelings amongst pensioners and those on low incomes. The extensive public consultation that Sir Michael Lyons carried out as part of his independent inquiry showed that clearly. Sir Michael's careful and in-depth examination of the funding of local government nonetheless concluded that council tax is not broken and recommended that it should be retained. The Government supports that conclusion.

As Sir Michael confirmed, there is a strong economic case for retaining a local property tax and council tax itself has a number of significant practical advantages. For example, its yield is predictable and stable and it is relatively easy to collect because properties (unlike people) cannot disappear. It also strongly reinforces the accountability of local authorities to their communities, and helps provide a link between the tax people pay and the benefits they take from local services.

The local authority sets the overall council tax level for their area. However, the tax system does reflect individuals' ability to pay by providing, through council tax benefit, reductions of up to 100 per cent on bills for those on low incomes.

More specifically for pensioners, the Government has done a great deal to improve pension incomes since 1997, spending around £11 billion more on pensioners in 2007-08 than if 1997 policies had continued. The average pensioner household will be around £1,500 per year, or £29 per week, better off in real terms in 2007-08 due to the Government's personal tax and benefit changes than they would have been under the 1997 system.

Local Government (Cornwall)

The Petition of residents of Caradon District, Cornwall,

Declares that we are concerned about the lack of consultation over proposed local government reorganisation in Cornwall.

The Petitioners therefore request that the House of Commons urge the Minister for Local Government and Community Cohesion to consult with all Cornish residents to ask if they want a single Council for Cornwall under the South West Regional Assembly.

And the Petitioners remain, etc.—*[Presented by Ann Winterton,* 25 June 2007.] [P000045]

Observation from the Secretary of State for Communities and Local Government:

Following an Invitation to Councils in October 2006 to come forward with proposals for a single-tier of local government in their areas, the Secretary of State for Communities and Local Government announced on 25 July 2007 that she is minded to allow 9 proposals to proceed towards implementation.

The Secretary of State was minded to allow Cornwall County Council's proposal for a single unitary council for Cornwall to proceed as she judged it to have met all of the five criteria as specified in the original Invitation to Councils.

The Government short-listed 16 of the original 26 unitary proposals in March 2007 and these were subject to a twelve week consultation, which ran until 22 June 2007. Although the Department formally consulted key partners and stakeholders, it was open to

anyone to make representations about the proposals and all representations were considered during the assessment process.

In addition, the democratically elected local authorities were able to seek the views of local people on their proposals by any means (including referendums, citizens juries, user panels and opinion polls as they saw fit). The weight attached to a local referendum in the assessment process depended on how far it was judged to accurately reflect informed local opinion. This included whether the question could be easily understood by voters and the steps taken to provide voters with a balanced and full explanation of the complex issues.

Final decisions will be taken on which unitary proposals will be implemented, having regard to all relevant information, if and when the Local Government and Public Involvement in Health Bill is enacted.

Petitions

Tuesday 20 November 2007

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Sefton Coastal Woods

The Petition of the Sefton Coast Watch Committee,

Declares the Petitioners' serious concerns over the past ten years with the plans of the organisation presently known as Natural England to clear fell in total 75 hectares, i.e. almost one quarter of the 302 hectares of woodland which make up the Sefton Coastal Woods. These woods are a precious red squirrel refuge and a delight to the 700,000 visitors annually, mainly from Merseyside. They also help to neutralise raised carbon emissions from global warming. This represents 5,000 local residents within the borough of Sefton and supports the unanimous vote of Sefton councillors on 4th March 2004.

The Petitioners therefore request that the House of Commons urges the Government to initiate a Judicial Review or some other unbiased Parliamentary legal investigation; so that the correct interpretation of the National and European Conservation legislation may be clearly determined. We request that this should happen before Natural England is granted any further licence to clear fell and destroy more of an already existing red squirrel woodland habitat.

And the Petitioners remain, etc.—[*Presented by Mrs. Claire Curtis-Thomas, Official Report,* 23 October 2007; Vol. 465, c. 257.] [P000063]

Observation from the Secretary of State for Environment, Food and Rural Affairs:

The Government recognises that it is a statutory function of Natural England to manage land as National Nature Reserves (NNRs) under the Wildlife and Countryside Act 1981 and the National Parks and Access to the Countryside Act 1949.

Ainsdale Sand Dunes NNR is one of Natural England's flagship reserves, with over 100,000 people a year benefiting from the recreational, landscape and wildlife attractions which the reserve offers. It is wholly in the freehold ownership of Natural England and as such Natural England has a duty to manage the land for nature conservation purposes. The reserve is one of the finest sand dune systems in England, supporting rare and endangered species such as natterjack toads, sand lizards and tiger beetles and over 450 plant species, many of which are locally and regionally rare. Part of the reserve which is formed of extensive planted pinewood also supports an important colony of red squirrels.

The variety of open dune habitats are of national and European importance and the reserve is included within the Sefton Coast Site of Special Scientific Interest (SSSI) and Special Area of Conservation (SAC). However, a large area of the open dune habitats has been lost to development and afforestation. Afforestation has resulted in dune plants and animals unable to survive under the dense shade and needle litter of the pines. The presence of plantations on a retreating coast means that the dune habitats are being squeezed and effectively cut in two. In addition, the pine trees nearest the sea prevent a natural response of the dune fringe to coastline changes. The trees prevent sand from blowing back onto the dunes from the beach so the dunes cannot recover from storm erosion.

To combat this, further dune restoration is required involving some relatively small loss of pine plantation at Ainsdale Sand Dunes NNR, which is being planned in consultation with stakeholders and the local community. Dune restoration is entirely consistent with member states' responsibilities under the Habitats Directive (Directive92/43/EEC) which covers the management of SACs and is implemented in the UK through the Conservation (Natural Habitats, &c.) Regulations 1994 (as amended). Regulation 3(2) requires Natural England to exercise its functions to secure compliance with the requirements of the Habitats Directive. Article 6(2) of the Habitats Directive requires member states to take appropriate steps to avoid the deterioration of natural habitats.

Natural England has a statutory duty under section 28G of the Wildlife and Countryside Act 1981 to exercise its functions, including the management of its NNRs, to further the conservation and enhancement of SSSIs' special conservation interests. The Government is also committed to its Public Service Agreement target to bring 95% of SSSIs by area into favourable condition by 2010. Part of Sefton Coast SSSI is currently in unfavourable condition and the proposed dune restoration will be necessary if this SSSI is to return to favourable condition.

Ainsdale Sand Dunes NNR also forms part of a designated Red Squirrel refuge area, which is a voluntary designation under the UK Biodiversity Action Plan agreed by the Sefton Coast Partnership and is 420 hectares in area. The refuge hosts a population of between 500-800 red squirrels. However, red squirrel populations are not confined to the refuge area but cover an area of 50 square kilometres from Crosby to Southport and neighbouring areas of West Lancashire giving an overall population of between 1000-1500, which is thriving.

To date, Natural England has undertaken dune restoration on the NNR over an area of 30.5 hectares affecting 13.5 hectares of pine plantation. It is currently working with partners on how to restore the dune landscape in an adjacent area of 44.5 hectares which includes a mixture of pine woodland, scrub and dunes. It is anticipated that habitat that could support up to 22 red squirrels will be lost as a result of the proposed felling. Natural England would be required to make an application for a felling licence to the Forestry Commission.

Natural England manages the majority of the NNR pine woodlands (approximately 145 hectares) as part of the Sefton Coast Woodlands 'Forest Plan'. This is a 20 year plan to diversify the woodland age structure, encourage greater public awareness and understanding and to manage the mosaic of habitats within the woodland boundary. This Plan will ensure the continuity of woodland habitat along the coast to the benefit of the red squirrel population. Since the start of the Woodland plan in 2003, Natural England has planted 4444 Scots pine trees and encouraged 2 hectares of natural pine regeneration.